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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Bid to defuse agricultural trade dispute, Page 14

NEWS SUMMARY

GENERAL

Thatcher defends Sinn Fein ban

British Prime Minister Margaret Thatcher defended Home Secretary William Whitelaw's decision to ban three Sinn Fein (Irish Republican) members of the Northern Ireland Assembly from entering Britain.

She said be bad simply used his powers under the Prevention of Terrorism Act to exclude men who had an established involvement with terrorist activities.

Northern Ireland Secretary James Prior is understood to have supported the decision, which will expose bim to criticism in Northern Ireland.

Greater London Council leader Ken Livingstone, who invited the three to speak in London, said be planned to visit Northern Ireland in the New Year. Page 16

$230bn on defence

The U.S. House of Representatives adopted by 346 to 68 a peacetime record $230bn defence appropriations bill, despite rejecting $1bn for MX missile production on Tuesday. Page 4

S. Africa condemned

UN Secretary General Javier Perez de Cuellar condemned South Africa's incursion into Lesotho where troops killed 37 people in the capital Maseru. Page 5

Mozambique claim

Anti-Mozambican Government guerillas claimed responsibility for a huge fire at an oil depot at the port of Beira. Page 5

Kohl election move

West German Chancellor Helmut Kohl will clear the way for a general election In March by deliberately losing a no confidence vote next week, Page 16

Lebanon gun battles

Gun battles broke out in Tripoli, north Lebanon, and Israeli troops imposed a curfew on the mountain resort of Aley to contain Druze-Christian clashes.

Airline lists held

Italian magistrates seized passenger lists from the Bulgarian state airline following the arrest last month of its Rome head for suspected complicity in the attempted murder of the Pope.

Smuggling charges

Mehmet Emin Karamehmet, who controls some of Turkey's biggest private banks and companies, has been charged with smuggling $2m worth of Caterpillar spares into Turkey.

Fangio has surgery

Legendary Argentine racing driver Juan Manuel Fangio, 71, who won five Formula One world championships in the 1950s, underwent heart surgery in Buenos Aires.

Campaigner killed

Police shot dead an anti-nuclear campaigner, who had held the Washington Monument under siege for 12 hours, as be tried to escape in a van which he said was full of dynamite.

Briefly . . .

Venezuela's new finance minister is Arturo Soa, 58.

Soviet Premier Nikolai Tikhonov arrived in Finland for talks with President Mauno Koivisto.

Jordan's King Hussein arrived in Tokyo for a four-day visit.

Several "lost" Laurel and Hardy films were found in a locker under a skating rink in the Yukon, Canada.

BUSINESS

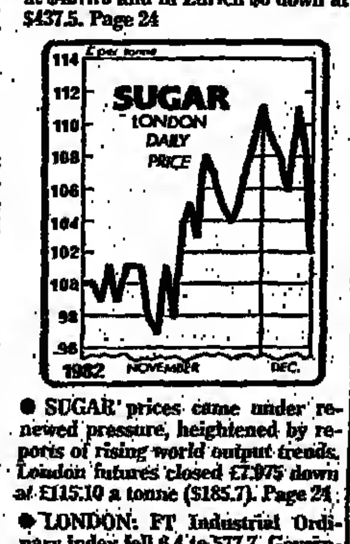
Grundig talks with major groups

● GRUNDIG confirmed it was holding talks with other major European electronics companies, including Philips, Bosch and Siemens, following speculation about its future after it decided last month to take Thomson-Brandt of France on board as a major shareholder. Page 16

● DOLLAR rose to DM 2.451 (from DM 2.4325). SwFr 2.087 (SwFr 2.065). Y245.25 (Y242) and FFr 6.945 (FFR 6.8975). Its Bank of England trade-weighted index was 121.4 (120.9). Page 36

● STERLING fell 1.45 cents to $1.613. It eased to DM 3.955 (DM 3.96) and FFr 11.195 (FFr 11.225) but improved to SwFr 3.37 (SwFr 3.365) and Y395.75 (Y394). Its trade-weighted index was 85.8 (86.2). Page 36

● GOLD fell $7.5 to $437 in London. In Frankfurt it was $7.5 down at $437.75 and in Zurich $6 down at $437.5. Page 24



● SUGAR prices came under renewed pressure, heightened by reports of rising world output trends. London futures closed £7.075 down at £115.10 a tonne ($185.7). Page 24

● LONDON: FT Industrial Ordinary index fell 6.4 to 577.7. Government Securities recovered from early losses. Page 31

● WALL STREET: Dow Jones index closed down 19.13 at 1,027.96. Page 30

● TOKYO: Nikkei Dow index fell 58.86 to 7,945.25. Stock Exchange index fell 4.3 to 583.2. Page 30

● HONG KONG: Hang Seng index rose 19.41 to 771.34. Page 30

● AUSTRALIAN all shares index fell 6.8 to 476.9. Page 30

● FRANKFURT: Commerzbank index was op 8.17 at 760.1. Page 30

● MALAYSIA ordered a shake-up of the Kuala Lumpur stock exchange and removed three senior brokers. Page 19

● AUSTRALIAN unemployment was 552,600 in November, a record 8.6 per cent of workers. Page 5

● AUSTRIA achieved a trade surplus on current account between January and October for the first time since 1969. Page 2

● ROMANIA cut its growth target next year from 5.5 per cent to 4.1.

● SWEDEN'S central bank lowered the cash reserve requirement for all banks from 5 to 2 per cent.

COMPANIES

● PHILIPS of Holland and Siemens of West Germany are planning close co-operation in long-lead research. Page 18

● BOC, the UK industrial gases group, lifted pre-tax profits 7.9 per cent to £102.6m ($165m) for the year to September 30. Page 20

● KYOCERA, world leader in ceramics for integrated circuits, improved boosted net profits 56 per cent to Y9.89bn ($39.6m) for the first balf ended September. Page 19

● NIMSLO, U.S. maker of 3-D cameras, is to bid for Berkey Photo, U.S. film processing and camera retail group with a market value of $30m. Page 17

● CATERPILLAR Tractor is to end production at its main fork lift plant in Ohio and transfer output to Leicester, England. Page 16

EEC scheme for tougher control on steel prices

BY GILES MERRITT IN BRUSSELS

The European Commission yesterday unveiled a plan to impose tough new controls on the EEC steel industry, in an effort to halt the wave of price-cutting which has been disrupting Community markets.

It proposes to stamp out discounts – which have reached 30 per cent in some sectors – by fining manufacturers which undermine minimum prices set in Brussels.

In the past, the Commission has issued only price "guidelines" to the industry. From January 1 it plans, in effect, to post floor prices, monitor the market more firmly, and punish price-cutters.

Its scheme, which includes proposals for further reductions in production quotas put forward last week, is widely expected to be approved when it is presented by the EEC Industry Commissioner, Viscount Etienne Davignon, at a meeting of Community Foreign Ministers in Brussels on December 14-15.

Industry Ministers agreed three weeks ago at an informal meeting in Elsinore, Denmark, that the steel industry needed fresh discipline.

The new minimum prices published by the Commission yesterday represent an attempt to restore prices to the level reached during the summer, when the EEC's steel industry "crisis" regime had helped raise average prices by 25 per cent over the previous 12 months.

Since the summer, however, widespread price cutting has eroded most of these gains.

Officials point out that to take account of the various ways in which price discounts can be operated, the new fines structure will not be as straightforward as the existing system for levying penalties on steelmakers which exceed their production quotas.

The proposals to be put to the Foreign Ministers next week include a plan for the Community's output of main long products, such as beams and bars, to be reduced in the first quarter of next year to 5 per cent below present levels.

Output of most flat products should be reined back by 15 per cent.

The proposed minimum prices per tonne are approximately:

● Hot rolled strip, coils, plate and similar products – DM 845 ($347).
● Cold rolled sheet – DM 1,070.
● Medium and heavy plate – DM 886.
● Merchant bars – DM 617 for category 1 and DM 720 for category 2.
● For major long products, prices range from DM 782 for category 1 to DM 1,070 for category 3.

Reuter reports from Brussels that the Belgian Government, facing a new challenge to its efforts to salvage the Cockerill-Sambre steel firm, said yesterday it would go ahead with drastic cutbacks.

A spokesman said that Mr Mark Eyskens, the Economics Minister, was pressing for approval by EEC authorities of a BFr 22bn ($460m) subsidised restructuring programme at Cockerill-Sambre.

At the same time, the Government planned to demand further cutbacks in steel production at the company, over those proposed by its management last month.

In a new challenge to the Government, the Flemish regional executive said it was taking the Government to court over state guarantees on bank loans to Cockerill-Sambre and other steel firms, worth BFr 20bn, which it maintains were illegal.

Brussels hard line on Saarstahl

BY OUR BRUSSELS CORRESPONDENT

THE BONN Government has been told by the European Commission that all further cash bail-outs for the stricken Arbed Saarstahl steelmaker will be forbidden until Brussels receives an undertaking that Saarstahl's capacity will be cut by 25 per cent.

The Brussels Commission's intervention comes hard on the heels of Bonn's own reluctant decision earlier this week to release further funds in order to save Saarstahl and the jobs of its 20,000 steelworkers.

Now the West German Government has received formal warning from Brussels that it will not be permitted to release aid promised to Saarstahl earlier this week unless the company's present steelmaking capacity of some 2m tonnes a year is reduced by 500,000 tonnes.

In a letter to the Bonn authorities, the European Commission has pointed out that since July of this year some DM 410m ($170m) in emergency funding has gone to Saarstahl, but as yet there have been no signs of the 200,000 tonnes capacity cutback that Bonn last month undertook to impose on Saarstahl.

The tough new demands by Brussels are being made by Mr Frans Andriessen, the Dutch Commissioner responsible for competition policy and the policing of the financial aids and subsidies code that is a key part of the EEC's crisis regime for the steel industry.

The irony of the situation, however, is that Brussels is now not hesitating to use its overlord powers for policing the steel regime in the vigorous manner that Bonn has been demanding.

Under the terms of the Brussels authorities' intervention in the Saarstahl affair, the Bonn Government has been given until the end of April, 1983, to submit restructuring proposals that would cut Saarstahl's production capacity by at least 500,000 tonnes.

But in the meantime the Commission has made it plain that no further spending will be allowed until a letter containing a firm undertaking to restructure is received from Bonn.

Jaruzelski to outline prospects for easing Polish martial law

BY CHRISTOPHER BOBINKSI IN WARSAW

GENERAL Wojciech Jaruzelski, Poland's military leader, is due to appear on television on Sunday night to outline his plans for the future of his regime.

The authorities have prepared a timetable which could lead to the suspension of military rule on December 18.

The Polisb Communist Party's executive Politburo is due to meet today to put the finishing touches to its plans and decide how far restrictions will be eased.

On Sunday, as Gen Jaruzelski prepares for bis broadcast, the Politburo is expected to distribute draft legislation on the military's plan to members of the Sejm (parliament).

Next day – the first anniversary of the imposition of martial law and the suspension of the independent Solidarity trade union – the Sejm will give the draft a first reading.

According to parliamentary officials, the final reading, originally expected on December 23, is now likely to be brought forward to december 18. This is the earliest date on which martial law could be suspended.

The restrictions still in force include military control of key industries, the suspension of liberal censorship laws, the suspension of a number of societies and organisations including the writers' union, a ban on public meetings and strikes, summary proceedings in the law courts and internment without trial.

An article in the Army daily newspaper Zolnierz Wolnosci indicates that the authorities have chosen not to lift martial law outright but merely to suspend it.

The article said: "When martial law is suspended, its institutions and extraordinary legal procedures cease to function in practice."

This would suggest the end of a role for the Military Council of National Salvation which has formally wielded power since December 13 last year.

But since its most important members, like Gen Florian Siwicki, the Deputy Minister of Defence and Gen Czeslaw Kiszczak, the Interior Minister, are now members of the party politburo, the military will retain a major role in decision making.

The legislation to be discussed by parliament in committee next week will define what suspension of martial law means in practice and which martial law powers will continue in force though exercised by the civilian authorities.

'Split' over trade curbs with East

By Jonathan Carr in Bonn

THE WESTERN allies are still far from agreement on how their proposed restrictions on economic contacts with the East will be put into practice, according to the U.S. ambassador to Bonn, Mr Arthur Burns.

His statement in a speech last night followed the visit to Europe this week by the U.S. Secretary of State, Mr George Shultz, with East-West trade issues high on his agenda.

Mr Burns recalled that when President Ronald Reagan last month announced an end to U.S. sanctions against the Soviet-European gas pipeline deal, be had stressed that Western accord had been reached in four main areas:

● that new contracts for Soviet natural gas would not be undertaken while an urgent study of alternative energy sources was being made;
● that existing controls on transfer of strategic items to the Soviet Union would be strengthened;
● that procedures for monitoring financial relations with Moscow would be established promptly;
● and that the allies would work to harmonise their export credit policies.

"Long and difficult negotietions on ways of carrying out the agreed

Continued on Page 16

Review of banks' capital ratios

By William Hall, Banking Correspondent, In London

BANKING supervisors from the world's leading central banks are pressing for a more common approach to the sorts of capital ratios international banks should observe and also a proper definition of what constitutes the capital of a bank.

At present, there is no common approach to the definition of bank capital and still less to the question of wbat constitutes adequate capital for a bank. This means that some banks can do the same amount of business with far less capital and this gives them a competitive advantage when pricing their loans to customers.

These differences bave long been a source of irritation to leading U.S. and UK bankers who argue that their institutions are at a disadvantage when competing internationally with banks from countries sucb as France, wbich have far less capital per $1bn of assets.

The Basle committee of banking supervisors, beaded by Mr Peter Cooke, bead of banking supervision at the Bank of England, has been working towards achieving greater convergence among its members with regard to national definitions of bank capital for supervisory purposes.

Mr Cooke told the Financial Times World Banking Conference in London yesterday that competition between banks can be affected by differing capital ratios and "some element of convergence for international banks competing in the same market place is a sensible and desirable thing."

However, he stressed that the issues raised were complex and it was not an easy thing to achieve. He also noted that, contrary to some people's ideas, there was a fairly clear correlation between high levels of bank capital adequacy and high levels of profitability. The effect of differing capital ratios on competition between banks may be more apparent than real.

Nonetheless, be still felt that banking supervisors "should press gently towards some higher degree of convergence" on the question of bank capital. It is known that they have been concerned about the tendency for bank capital ratios to weaken in the last few years.

Mr Cooke said that one could overstate the impact of imbalances in bank capital ratios, but noted that greater unanimity in the ideas of individual supervisory authorities on the subject of what sort of capital a bank should bave could come from the work being done in the EEC.

Toshiba will open factory in Germany

BY JUREK MARTIN IN TOKYO

TOSHIBA, one of Japan's big four electronics manufacturers yesterday ended a three-year search for a site with the announcement that it is to set up a semiconductor plant in Braunschweig, West Germany, next year.

The company becomes the fourth leading Japanese producer of integrated circuits to establish a European assembly operation: the others are Hitachi, also in West Germany, NEC, in Ireland and Scotland, and Fujitsu in Ireland.

Toshiba executives in Tokyo freely conceded that an important reason for the move was the existing 17 per cent duty on semiconductor imports in force in the European Community.

Another reason – althougb not, they stressed, a major consideration – was the possibility that the Community might at some time lay down restrictions on Japanese semlconductor imports.

The wholly-owned Tosbiba plant at Braunschweig has an initial paid-in capital of DM 10m ($4.1m). A total investment of DM 32m is planned between now and 1985.

Inltial production, scheduled to begin towards the end of next year, has been set at 1m pieces per month, although this is expected to double within three years.

The total Japanese share nf the European semiconductor market, according to Toshiba, is less than 10 per cent with Toshiba itself taking between f and 2 per cent.

Even so, this amounts to a substantial and growing business, Toshiba's shipments to Europe this year will be worth about Y13bn (just over $54m). When fully operational the Braunschweig plant sbould take up 20–30 per cent of the company's European sales, rising to an estimated 50 per cent over a three-year span. European demand for integrated circuits should continue to grow by 20–30 per cent a year.

Initially, Braunschweig production will concentrate on 16-kilobit static Ram chips, already one of Toshiba's best selling lines and in which it is one of the world's market leaders. The next stage will involve 64-kilobit static and dynamic Rams, while further down the line, gate array LSIs and microprocessors will be added.

Continued on Page 16

Akai looks again at French VTR plans

BY OUR FOREIGN STAFF

AKAI, the Japanese television and radlo manufacturer, is studying the possibility of assembling video tape recorders (VTRs) in France from early next year, as one way round the Paris Government's curbs on imports of video sets.

Meanwhile, a group of European video manufacturers is to call on the European Commission to take action against Japanese competitors for allegedly dumping equipment on the European market.

Akai France last month suspended its plans to manufacture VTRs at its Honfleur plant, following the Paris Government's insistence that all completed video sets be processed via the small town of Poitiers.

Akai planned a FFr 18m investment to extend the Honfleur plant which makes tuners for audio equipment. But the investment depended on the company, which holds 13 per cent of the French VTR market, continuing to expand its sales. And as a result of the Poitiers restrictions sales might be 25,000 sbort of the 75,000 volume expected.

Decisions on whether to go ahead with the Honfleur investment or cut the existing workforce are to be taken by the end of the year, M Christian Paellot, manager of Akai France said.

The dumping action in Brussels is to be brought by the Video 2000 Group, made up of 11 manufacturers based in Europe, led by Philips, Siemens, ITT and Grundig.

It was signalled last month wben Philips and Grundig jointly asked the EEC to investigate the feasibility of such an action against the Japanese. It comes amid intense VTR price competition in Germany where Grundig has bad to cut prices by 30 per cent recently to be competitive with Japanese imports.

The European Commission bas been engaged recently in seeking to establish whether the Japanese have a case to answer. Philips said yesterday that the group believed its allegations were being takeo seriously in Brussels and that a formal complaint would be presented

CONTENTS

EUROPEAN NEWS

Paris uses more of European credit

By David Marsh in Paris

FRANCE has used up a further small portion of its recently arranged $4bn (FFr 27.6bn) Euromarket credit in order to fend off pressure on the franc, according to statistics released yesterday by the Bank of France.

Its weekly reserve statement showed a further FFr 3bn fall in net French currency reserves in the latest week ending December 2. This took the net fall in currency holdings over the latest three-week period to nearly FFr 7bn, and reduced the central bank's basic stock of freely available foreign exchange "ammunition" to an exceptionally low FFr 11.6bn.

The franc came under pressure against the D-Mark within the European Monetary System at the beginning of this month, requiring the central bank to intervene on the foreign exchanges.

Yesterday's statistics indicated that the central bank had used up a further amount of about FFr 1.5bn of the Euromarket credit in order to sell currencies and buy francs.

Of the $4bn credit, about $2.4bn has been drawn down

Lambsdorff takes Jobert to task over remarks on protectionism

BY JONATHAN CARR IN BONN

COUNT Otto Lambsdorff, West Germany's Economic Minister, has sharply rebuffed French claims that he preaches trade liberalism but practises the opposite.

The minister's tough remarks, made in a speech in Bonn yesterday, are further evidence of the growing friction in trade matters between Bonn and Paris.

Count Lambsdorff said the French Foreign Trade Minister, M Michel Jobert, had recently described the rules of General Agreement on Tariffs and Trade (Gatt) as suitable only for a fine weather period of the world economy.

M Jobert had added, Count Lambsdorff said, that "the dogmatic liberalism preached by many—and that meant me—was in fact the subtlest form of protectionism, namely that of absolute power by the stronger over the weaker."

But what was this so-called "dogmatic liberalism," Count Lambsdorff asked? Among other things, he said, it involved respect for Gatt principles like non-discrimination, and the removal of subsidies and other measures which distorted trade.

The "so-called non-dogmatists" sought to protect their own industry and jobs from imports, Count Lambsdorff said. Was this the way to promote the international division of labour and prosperity? It was superfluous to give an answer, he asserted.

Behind this public display of criticism lies Bonn's fear that Paris may shortly feel forced to take further measures to try to cut its sharply rising trade deficit.

France last year had a deficit with West Germany of some DM 12bn (£3.03bn)—and in the first nine months of this year the gap has increased to more than DM 13bn.

While West Germany's imports from France from January to September rose by about 6 per cent, its exports to France have gone up by more than 18 per cent.

President Francois Mitterrand urged Chancellor Helmut Kohl to take steps to help reduce the gap when the two leaders met in Paris for talks on Tuesday. But it remains unclear what effective action West Germany could take.

Jobert denial—Page 4

Farm subsidies at centre of EEC-U.S. talks

BY JOHN WYLES AND GILES MERRITT IN BRUSSELS

THE LARGEST delegation of senior U.S. cabinet officials ever to visit Brussels will join the European Commission today in a bid to find a mutually agreeable path away from an agricultural trade war.

The U.S. team, led by Mr George Shultz, the Secretary of State, is said to be anxious to prevent the increasingly vituperative war of words between the two sides spilling over into a subsidies battle in which U.S. and European farm products undercut each other in world markets.

However, it appears that Mr Shultz and his colleagues will not renounce this ultimate option without firm commitments from the EEC to introduce greater discipline over its internal farm production and over the disposal of surpluses through the use of export subsidies.

M Gaston Thorn, the Commission's President, and his senior colleagues will emphasise their efforts to minimise internal farm price rises for products in surplus and to apply other measures to curb overproduction.

They are also expected to urge the U.S. to consider joint co-operation in the marketing of some products in order to stabilise and, if possible, raise, world prices.

The inclusion of Mr Donald Regan, Treasury Secretary, in the U.S. team could be significant following his call earlier this week for an overhaul of the world monetary system.

The Commission has successfully persuaded the 10 to endorse this as a global financial objective with the aim of greater stability

Fanfani to present austerity package

BY JAMES BUXTON IN ROME

SIG Amintore Fanfani, Italy's new Christian Democrat Prime Minister, today presents his Government's programme to Parliament. It is likely to include urgent legislation to allow the swift imposition of economic austerity measures.

Although an outline economic programme was hammered out with considerable difficulty in the negotiations which led to the formation of the four-party coalition, the details of the measures have yet to be finalised and have already given rise to further argument within the coalition.

The objective is to hold down the public sector borrowing requirements for next year to L63,500bn ($45bn) – less than the expected outturn for this year, which will probably reach L70,000bn – and cut inflation from the present rate of 16.7 per cent to an average of 13 per cent next year.

To do this, additional measures, including further spending cuts and a "once and for all" levy on incomes, are necessary, over and above the provisions of the Finance Bill introduced by the previous Government of Sig Giovanni Spadolini, some of which have been approved by Parliament.

The new measures will have to be introduced rapidly, perhaps by decree, if they are to make a serious dent on the economy during the course of 1983. But it has been difficult for Sig Fanfani to reach agreement on the exact form of the measures, such as who the special income tax would most affect.

EEC reviews plan for work-sharing

BY GILES MERRITT IN BRUSSELS

EEC MEMBER governments will today be presented with fresh ideas on work-sharing that the European Commission believes should form the basis of a policy framework to stem rising unemployment in the Community.

As part of its continuing campaign to achieve a concerted EEC jobs strategy that would embrace work-sharing techniques, the Brussels Commission is to present a new memorandum on the subject to the EEC Social Affairs Council

Prepared by Mr Ivor Richard, the UK Commissioner who holds the EEC social affairs portfolio, the "memorandum on the reduction and reorganisation of working time" is intended as the basis for more concrete work-sharing proposals that the European Commission plans to put to member governments before mid-1983.

The Richard memorandum advances five broad points on which future EEC policy recommendations will be based.

U.S. tries to reassure Nato over MX funding

By John Wyles in Brussels

THE U.S. Administration tried yesterday to reassure its Nato allies that President Reagan's Congressional defeat on Tuesday over funding for the MX missile did not represent a rejection of nuclear modernisation by the American public.

Several European Foreign Ministers arrived in Brussels yesterday for a meeting of the North Atlantic Council concerned about the possible impact on domestic public opinion of Tuesday's vote in the House of Representatives against MX production.

Herr Hans Dietrich Genscher, the West German Foreign Minister, is said to have warned of "danger signs" that agreed policies are not being carried through.

He was seen as implying that the will of European governments to deploy the controversial Cruise and Pershing missiles could be undermined by public reaction to the MX setback.

However, Mr George Shultz, the U.S. Secretary of State, depicted the MX vote as "one step in a long process."

According to senior U.S. officials, Mr Shultz emphasised that the House had maintained funds for research and development of the MX and that its refusal of production money should not be seen as a repudiation by the Congress—or the American public—of President Reagan's call for a strong nuclear deterrent.

Mr Shultz apparently found discussions on the Alliance's relations with the Soviet Union encouraging.

There were many determined statements by allied foreign ministers on their continued commitment to Nato's dual-track strategy.

Last night, Mr Francis Pym, the British Foreign Secretary, rejected suggestions that the change in the Soviet leadership justified a review of the missile deployment in Nato.

While open minded, he seemed dubious about the prospects of Mr Yuri Andropov, the new Soviet leader, making a sufficiently major charge of policy to warrant a Nato review of strategy.

Tribunal setback for CGT

By David Housego in Paris

THE COMMUNIST-LED Confédération Générale du Travail (CGT), the largest French trade union, has suffered a serious setback in elections to new labour tribunals.

At the same time, the results announced yesterday reflect a sharp rise in support for minority union and employer organisations which have been sharpest in their criticism of the Government.

The elections held on Wednesday were to choose union and employer representatives for the "prud'homme" councils – an institution developed under Napoleon as a tribunal to settle individual disputes between employer and employee.

They were seen as the first important test of strength between the rival unions since the Socialists came to power as new labour legislation is strengthening the role of unions in industry.

The vote was also seen as an indicator of the popularity of government policies.

The most striking feature to emerge is the major reverse for the CGT, whose share of the vote dropped from 43 per cent in 1979 – at the time of the last "prud'homme" elections – to 37 per cent. This decline is in line with the Communist party's falling share of the vote during the presidential and legislative elections last year. It is also a blow to M Henri Krasucki, the new hard-line secretary general of the union, who took over its leadership this year with the goal of restoring popularity.

M Krasucki yesterday put much of the blame for the CGT's loss on worker discontent with government policies, but there is no doubt that the CGT's result also reflects increasing disenchantment with its archaic structure and its unpopular policies over issues such as Poland.

Austria moves into current surplus

By Paul Lendvai in Vienna

FOR THE FIRST time since 1969, Austria achieved a surplus on current account between January and October of Sch 5.5bn ($321m), compared with a deficit of Sch 14.9bn in the corresponding period last year.

Figures from the national bank indicate that about two thirds of the change was because the trade balance was better than expected. The rest was attributable to services account.

Dr Herbert Salcher, Finance Minister, has stressed that with the exception of the Swiss franc, the Austrian schilling has, since 1971, been the strongest currency, appreciating by some 25 per cent against the U.S. dollar and about 50 per cent against sterling.

Prof Stephan Koren, president of the central bank, warned that the improvement in the external payments position should not be exaggerated.

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EUROPEAN NEWS

Threat to £433m British rebate from EEC budget

BY JOHN WYLES IN BRUSSELS

THE BRITISH Government may need to rely on the indifferent attendance records of some members of the European Parliament to ensure payment before the end of the year of a £433m rebate from the EEC budget.

The payment is threatened by the hostile attitude of the Parliament's budget committee which has set very tough conditions before it is ready to recommend that next week's plenary session adopt the supplementary budget implementing the British deal.

Many officials doubt whether the Council of Ministers will meet the budget committee's terms, which means the issue may become a trial of strength on the floor of the Assembly.

Procedural rules require 218 of the 434 members to take part in a vote and a two-third majority is required to reject the supplementary budget.

Comfortably more than half of the members can be expected to turn up at next week's Strasbourg session and the nationalities and the groups with the best attendance record should provide an important kernel of support for the supplementary budget.

Attendance records for the first nine months of the year show that the 63 British Conservatives belonging to the European Democratic Group have the best record by turning up for 79 per cent of the days the Parliament has been sitting.

Although some of them may support the budget committee's tactics during negotiations with the Council next week, none is expected to actually vote against the supplementary budget.

Similarly, a large proportion of the 81 West German members sitting as Christian Democrats, Socialists and Liberals can be expected either to support the supplementary budget or to abstain.

Danish investment plan

BY HILARY BARNES IN COPENHAGEN

THE DANISH Government has published an investment promotion programme intended to supplement its anti-inflation policies by improving the investment climate.

Industrial organisations welcomed the proposals, saying that they represented a change of attitude on the part of the government. But they doubted whether the measures would have much immediate effect.

The lengthy list of proposed measures includes the introduction of tax deductions for investments in shares, more flexible rules for the use of tax-free investment funds by companies, and other measures to encourage the flow of risk capital.

Allocations to research and development institutes will be increased and the construction of a "broad band" telecommunications network brought forward. The market for telecommunications equipment will be liberalised.

General Motors' latest plant in Europe opened on schedule, writes **David Gardner** in Figueruelas

Arrival of the giant is challenge to Spanish industry

BILLBOARDS ACROSS Spain had been warning for a year that "the giant is coming" before the first Corsa—General Motors' "S" car—rolled off the assembly lines of the company's gleaming new plant at Figueruelas in the Zaragoza region on August 30, right on the button.

"A new era in Spanish industry has been inaugurated," said Sr Jose Ignacio Lopez Arriortua, GM Spain's head of industrial organisation, speaking a week ago shortly after King Juan Carlos had formally opened the $1.7bn (£1.06bn) plant, Spain's largest single foreign investment and the most modern car assembly operation in Europe.

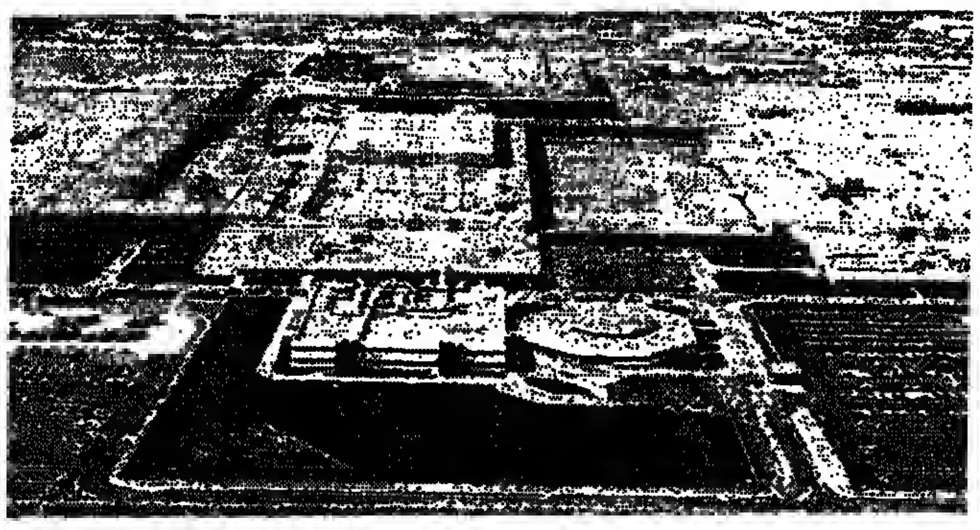
In the dusty little farming village of Figueruelas itself remarkably little has changed, beyond the addition of two new bars and the provision of a badly needed access road. Last week the locals were gearing up for the year's second week-long fiesta, irked that GM had refused to part with Pta 18,000 (£88) for an advertisement in the official fiesta programme: an enterprising local Renault dealer stepped in to fill the gap.

This little local setback is one of very few that the world's largest auto manufacturer has experienced in mounting its major challenge to the European small car market; in an operation that has so far run like clockwork.

The 400,000 sq metre Figueruelas plant took just 899 days to complete, from the laying of the first stone to the production of the first car, despite the involvement of some 100 contractors. GM hopes to produce 30,000 cars this year — about 10,000 more than it had originally expected. The target for next year is 200,000 and 270,000 for 1984, at least two-thirds of them for export.

Management declares itself well-pleased with the progress of hiring and training. Over 1,500 of the 6,800 workforce (a further 3,000 are to be taken on over the next six months) have completed training courses of three months to a year at GM's Opel plant near Frankfurt, conversely skilled Spanish emigrants employed by Opel have been flown to Zaragoza to assist in local training.

The odd hiccup that has occurred has had nothing to do with the plant itself. GM, for example, had an undertaking that it would be allowed to import 15,000 cars tax-free to get its sales network going but was put out when the authorities decided that it would, after all, have to pay the full 36.7 per cent tariff.



Spain's largest single foreign investment: GM's plant at Figueruelas.

As for the product itself, several of the 300 West Germans still working at Figueruelas believe the Corsa to be of superior quality to its Opel-made stablemates, according to Sr Lopez Arriortua, the director of industrial organisation.

He points out that this is the first time a multinational has installed in Spain technology more advanced than that in use at its home base. Ninety-eight per cent of the spotwelding at Figueruelas is done by the 147 robots so far installed on the two-mile long assembly line, against an average 65 per cent at Opel's West German plants.

Sr Arriortua, a Basque who spent 19 years working for Firestone and three years with Westinghouse in Bilbao, describes coming to GM as rather like the experience of a footballer transferring to Real Madrid or Barcelona. "It's what we've waited for all our lives," he says. He is deeply impressed by GM's "total" approach. The GM unions, understandably, take a more sanguine view.

There are few complaints about safety and hygiene, to which GM has devoted unusual—for Spain—attention. It has spent around Pta 85m, for example, equipping a small hospital, complete with operating theatre, X-ray and analysis units, staffed by six doctors and nurses in each sector of the factory.

Problems will certainly arise, however, over work-rate speeds and both the form and amount of payment. Figueruelas is designed to produce 1,200 cars a day at an average of 75 cars an hour.

According to a union leader from Renault's Fasa plant in Valladolid, GM workers are producing 20 per cent more for nearly 20 per cent less payment than Renault workers. Indeed, GM pays less than any of Spain's other five auto manufacturers apart from Seat, the troubled national car producer, according to the Communist-led Workers Commissions. But it is GM's peculiar form of payment which rankles most.

A semi-skilled worker on Pta 68,851 (£335) a month gross gets only Pta 38,631 of this as his basic wage. According to the standard GM contract, the rest (Pta 30,220) is remuneration for good attendance and punctuality, and vaguer concepts like "dedication." The unions—and some managers—regard this system as a throwback to Francoism and are determined to do away with it.

The Commissions, Spain's largest union—though their position is being challenged with increasing effect by the rival Socialist UGT—have an additional axe to grind. They claim that GM set out deliberately to cultivate the UGT—for example by ferrying subsequently hired local UGT officials to Detroit and Frankfurt before the project was properly underway. "We had to almost infiltrate the plant," they claim.

The UGT hotly denies this charge of favouritism, saying that they were merely quicker off the mark: they set up a recruiting office on the site the day the first stones were laid.

Yet the Zaragosa region, largely made up of small-to-medium-sized industries and an increasingly depopulated countryside, has little tradition of labour militancy, a factor which undoubtedly influenced GM in choosing it in preference to similarly well-placed and subsidised sites with less pliant workforces.

The effect of the "coming of the giant" on the local economy is as yet difficult to gauge. GM estimates that each job will create three more jobs indirectly which, with unemployment in Spain running seven points above the EEC average, is a considerable selling point. Local ancillary industries, particularly in the Basque country and Catalonia, have received a much-needed boost.

Yet the content of the Corsa will be only 50 per cent Spanish agaist, say, the 90 per cent demanded of Ford in 1976. And there is concern that GM's eventual target of selling some 90,000 cars in the local market will hit jobs at other car plants, particularly Seat and Fasa-Renault.

The effect on Figueuruelas itself has been minimal. The village's pattern of existence was established at the beginning of the 11th century, when the Arabs built what is now the Aragon Imperial Canal to irrigate the surrounding countryside, producing maize, cereals and fruit. New era or not, the village is not suddenly going to start beating to the rhythm of round-the-clock shifts.

Sr Lorenzo Lasala and his wife Sra Maria Jesus Gonzalez, a young couple from a neighbouring province, set up one of the two new bars in Figueruelas in anticipation of a GM-induced gold rush. There is more money around now but they have abondoned all hope of a boom. The locals spend little of their new-found riches, and as for foreigners, they have had more custom from journalists than free-spending car executives.

Hungary shows 1982 turnround

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

HUNGARY is ending a remarkable year with a sharp turnround in its fortunes, principally in the form of $1.6 bn (£990m) in new international credits, but also in terms of an improved economic balance with the western world.

It started 1982 with a liquidity crisis, caused by deposit withdrawals by Western, Comecon and Arab banks which came on top of the general inability of East European countries to raise fresh credit. Drained of reserves, Hungary was, by last March, very close to having to follow its Comecon partners, Poland and Romania, into a rescheduling of debts.

But the country ends this year with a pile of fresh credit—$810m from Western central banks, $260m from Western commercial banks, and capped this week with $600m from the International Monetary Fund—and a modest hard currency trade surplus.

Why has foreign confidence in Hungary returned in a flood, particularly when it has clearly outrun Hungarian export performance in stagnant Western markets?

A superficial reason is the "salesmanship" of an exceptionally able team at the Hungarian National Bank. More basic is the perception abroad that Hungary, with its market-oriented reforms, has given itself a flexible and buoyant economy which did not deserve to be sunk by the post-Poland freeze on credit for Comecon.

Most importantly, Hungary has been seen for the past couple of years to be pursuing the kind of demand-squeezing, investment-pruning and export-promoting policies necessary to push its external accounts back into balance.

This has been crucial to smooth relations with the IMF, which Hungary only joined in May. Negotiations for an IMF standby credit started in September, and were wrapped up early last month. Hungary has been able to claim that it made the running, not the IMF staff.

Hungary is the first Comecon country for 10 years to join the IMF, an institution of which the Soviet Union is inherently suspicious as capitalist and U.S.-dominated. To the extent that Moscow is anxious or irked about any of its allies accepting other external supervision, Hungary's IMF programme can plausibly be presented so as to placate such concerns.

The overall aim of the programme agreed between the IMF and the Kadar Government is for Hungary to achieve in 1983 a $600m hard currency surplus on current account (comprising merchandise and invisible trade and debt interest payments). Officials in Budapest and Washington say this is ambitious, but feasible.

The means by which this is to be achieved are:

● 3-4 per cent decline in domestic consumption, resulting from a 10 per cent drop in fixed asset investment, state budget cuts and a 1.5-2 per cent decline in real incomes.

● Total growth in the economy of only 0.5-1 per cent, the lowest for many years, but in 1983 to be led by exports.

But virtually the only undertaking which Hungarian officials care to characterise as an IMF condition is a commitment to phase out by the end of 1983 certain import restrictions introduced last September.

AMERICAN NEWS

Congress adopts record peacetime defence budget

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. House of Representatives has overwhelmingly adopted a peacetime record $230bn (£142bn) defence appropriations Bill. The voting, 346 to 68, clearly indicated that the House is still in favour of a substantial defence build-up, despite its dramatic rejection on Tuesday night of nearly $1bn in funds for production of the new MX intercontinental missile.

Although there is some scepticism in Congress about the MX and its proposed "dense pack" basing system, as shown by Tuesday's vote, the House voted overwhelmingly to keep the programme at least ticking over by approving $2.5bn for development and research and studies of basing methods for the missile.

The MX's future now seems to depend on whether the Pentagon can come up with a satisfactory basing mode—a proposition about which many in Congress are exceedingly doubtful. Mr Ronald Dellum, a California Democrat, noted that 34 different proposals have already been rejected.

Money for other important military programmes, such as $3.9bn in procurement funds for the B-1 bomber and $7bn for two new nuclear-powered aircraft carriers, went through smoothly. The House rejected attempts by opponents to provide funds for a single carrier.

The opponents argued that the true cost of a carrier was $42bn if the price of aircraft and escort ships was added. They also argued that the Falklands war had shown the vulnerability of big ships—an argument rejected by carrier supporters, who said that British analyses of the war had shown that if the task force had had big carriers, their aircraft could have kept the Argentinian air force out of range of the British fleet.

Before it passed the Bill, the House unanimously approved a motion that no funds in the defence budget could be used to "arm, train or support persons, not part of a regular army, for the purpose of overthrowing the government of Nicaragua or provoking a military conflict between Nicaragua and Honduras."

The provision was directed against the Administration's backing for Nicaraguan exiles fighting a "secret war" against the Sandinista regime from bases in Honduras. However, this does not bar the Administration from aiding the exiles so long as the funds are intended for purposes other than overthrowing the government.

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Venezuela appointment

By Kim Fuad in Caracas

SR ARTURO SOSA, a 58-year-old lawyer and economist, will be sworn in today as Venezuela's Finance Minister, replacing Sr Luis Ugueto, who resigned on Wednesday after almost four years in the post.

His appointment followed a week of speculation over changes in the Venezuelan economic cabinet as a result of clashes between Sr Ugueto and Sr Leopoldo Diaz Bruzual, the central bank president.

Sr Sosa, who describes himself as a "life-long friend" of Sr Diaz Bruzual, was finance minister under the provisional government of Admiral Wolfgang Larrazabal in 1958.

Peace hopes at Chrysler

By Nicholas Hirst in Toronto

CHRYSLER CANADA and negotiators for the United Auto Workers union came to a surprise tentative agreement on a pay offer yesterday paving the way for a settlement in the parallel talks between the parent company and the union in the U.S.

Mr Douglas Fraser, the international president of the UAW said: "I subscribe to the framework of the agreement and I think we can adopt this to the U.S."

A breakthrough in the Canadian talks came after Mr Fraser and Mr Thomas Miner, Chrysler corporation top negotiator, entered the talks in Toronto on Wednesday.

Brazil's talks with IMF focus on rate for cruzeiro

BY ANDREW WHITLEY, IN RIO DE JANEIRO

TALKS between Brazil and the International Monetary Fund on terms for A$4.5bn (£2.8bn) stand-by loan have reached a decisive stage. The two sides were due to meet again yesterday with the IMF's reported proposal of a substantial devaluation of the cruzeiro as the most controversial item on the agenda.

Overshadowing the IMF negotiations are growing fears that the urgently requested $2.4bn in short-term commercial loans may be coming in at too slow a rate to avert a full-scale moratorium by Brazil on its estimated $89bn external debt.

The central bank is trying to strike a positive note, stating that "the money is coming in" in response to last week's telexes from Brazil's central bank to 28 Western and Japanese banks. But Sr Carlos Langoni, the bank's governor, is believed to be becoming increasingly impatient with the dilatory attitude of the European banks.

At the latest count yesterday some $1.3bn-$1.4bn in short term loans was on the table for Brazil, but about $900m of this came from U.S. banks, some of whom are also growing irritated by the slow response from European institutions.

"It's like a conspiracy against Latin America," commented one U.S. banker, who added that there are a number of institutions in Europe with much higher exposure to Brazil than major U.S. banks.

British banks, who have been asked to raise $297m in short term loans, have only promised $100m. French banks, who have been asked for about $210m, have said they will provide the money in return for guarantees that export contracts will be awarded to French companies.

Very little money is said to have been committed by West German institutions.

Complicating an already highly delicate scenario, it is believed that Sr Ernane Galveas, the Finance Minister, has resubmitted an earlier resignation letter to President Joao Figueiredo.

On Wednesday the Finance Ministry denied that Sr Galveas had any intention of resigning. But he added that a decision of this nature "would not be opportune" at this time, given the difficult straits Brazil's economic policy is in.

Sr Galveas has held the post for nearly three years and is thought to have wanted to resign for some weeks. Sr Langoni is tipped to take over, but his departure may well be postponed until the present crisis is resolved.

The Government's timetable calls for the negotiations with the IMF to be concluded over the next week, if possible. The national monetary and fiscal budgets for 1983 could then be approved by the National Monetary Council at its next meeting, probably on December 22.

The way would then be clear for the central bank to launch as large a jumbo loan as the market could stand. Sr Jose Serrano, the bank's director for external finance, has publicly confirmed reports that the aim is to take Brazil out of the international money market for some months.

The IMF negotiations may also result in a complete volte-face in the strategy the Brazilian government has recently adopted towards capturing foreign loans—returning the main responsibility to the public sector rather than the private sector.

Sr Langoni announced this week that the lifting of domestic credit controls was under study, with the aim of bringing down high interest rates. Brazilian companies, forced to borrow abroad rather than at home over the past 18 months would in consequence switch their attention to local banks.

Meanwhile Brazilian interest rates are staying high in anticipation of a "maxi" devaluation of the cruzeiro, over and above the present small changes at frequent intervals in the exchange rate which are designed to keep pace with local inflation. There is speculation that the IMF believes a 10 per cent to 15 per cent devaluation will aid exports—an argument contested by the government.

So far Brazil's application to the IMF has stirred up virtually none of the nationalistic antagonism the government was fearing before it made the announcement.

Two unlikely allies in their charges that the government waited too long before going to the IMF—until the reserves were virtually exhausted and the country's bargaining position weakened—are Sr Roberto Campos, the former Finance Minister and ambassador to London, and Sr Tancredo Neves, a veteran politician and the newly-elected opposition governor of Minas Gerais state.

Criticism of the proposed change in the salary law, doing away with the automatic six-monthly adjustment of wages in line with the inflation rate, has come from Sr Albano Franco, president of the National Confederation of Industry, on the grounds that this could provoke serious social unrest.

Jimmy Burns in Buenos Aires assesses the rise of Sr Alfonsin, leading light of the Radical Party

Charismatic radical blames army for Argentine chaos

"HE KNEW how to convey to his people a message of hope in a language they understood."

Thus does Sr Raul Alfonsin explain the meteoric rise of a century ago of General Juan Peron, Argentina's almost legendary late President whose legacy, for better or for worse, still continues to underpin much of Argentine political life. Supporters of Sr Alfonsin—the 56-year-old lawyer who is rapidly emerging as the leading light of the country's second largest political grouping, the Radical Party—say much the same about their leader.

Watching Sr Alfonsin's performance over the last few months, it is hard to disagree with them. Even his enemies now consider him a dangerous front runner for the presidency, assuming that Gen Reynaldo Bignone sticks to his pledge and holds elections in the last quarter of 1983.

Sr Alfonsin wasted no time last June when President Bignone lifted a ban on political activity and called on the parties to prepare themselves for internal elections. Many political leaders chose tentatively to explore their potential support in cautious behind-the-scenes lobbying, but Sr Alfonsin immediately called a public rally in one of Buenos Aires' leading sports stadiums.

The fact that his audience not only filled it but also spilled out in an euphoric and uncontrollable wave to the surrounding streets was a personal victory. After seven years of repression and fear, Argentines have emerged from their self-imposed shells only with difficulty, and have warmed to Sr Alfonsin's open style.

More recently, Sr Alfonsin has lost none of his initiative. He has staged rallies all the way from the Andes to Patagonia, sharing out his time between the more obvious city centres and the less accessible provincial townships and urban industrial belts.

On Tuesday night his nationwide tour culminated in a mass rally in the capital's Luna Park. The event clearly demonstrated the extent to which his popular support had grown. An audience of over 30,000 people made the rally the biggest gathering to be staged by a single political leader since the 1976 military coup.

In July an attempt by Sr Alfonsin's left-wing faction *Renovacion y Cambio* (Renewal and Change) to wrench control of the Party leadership from the conservative Sr Carlos Contin failed to get through Party bureaucracy in a complex internal election. But Renovacion made sufficient inroads to convince Sr Contin his position had been irreversibly eroded and that he would not stand as a future presidential candidate. Sr Alfonsin's officials were also given prominent places on the Party's executive board.

Raul Alfonsin . . . Argentines have warmed to his open style.

Five months later Sr Alfonsin's rivals are trying to put forward alternative candidates, although most privately admit that their rearguard action has come too late. Moreover, they have reluctantly concluded that in Sr Alfonsin lies the best chance of breaking the Peronist hold on Argentine politics.

A moderate if rather shy speaker in interviews, the portly Sr Alfonsin grows charismatic before large crowds. His eloquent delivery is in the best tradition of his Party, which has produced a long line of intelligent leaders, among them four Presidents since 1916.

Sr Alfonsin holds his audience spellbound with more than just his use of words.

Behind his delivery, however, is an outspoken plan of action, the clarity of which shines through the surrealism in which Argentine politics has been submerged for most of its history, in particular during the unprecedented events of 1982. "We must fight to make sure that the armed forces not only leave government but that they never return," Sr Alfonsin told his audience on Tuesday.

Thirty years ago, Argentine was one of the richest countries in the world with the highest per capita income in Latin America and an educated and cosmopolitan civilian population which ensured a relatively stable political life. Just why this country has since slid into a state of almost permanent financial and political chaos is the question which has baffled most observers for a very long time.

Sr Alfonsin thinks he has found the root of the problem in the armed forces. A long and complex process of exploitation by different interest groups has transformed the military from a professional force into a body which regards itself as the sole guarantor of the country's political life.

Sr Alfonsin strongly criticises the terrorism which paved the way for more recent military intervention and the Argentine military for invoking the concept of "national security" to repress fundamental civil liberties and corrupt political and economic life.

"The military must stop acting like an army of occupation," he says. His anti-militarism has undoubtedly captured the public mood in the post-Falkland period, and it is his firm belief that the popular mobilisation he is helping to generate will eventually force the country's military rulers to give up power.

Another issue which has enhanced his popularity is the current human rights campaign. Sr Alfonsin has been outspoken in his demands for a full investigation into the fate of thousands of Argentines who disappeared following the 1976 coup, and for the judgment of those responsible.

To say Sr Alfonsin's public attitude matches his political opportunism—as some of his enemies maintained—is to ignore the consistency of his principles. As a one time student leader, Sr Alfonsin formed *Renovacion* 15 years ago. In Sr Alfonsin has shaped *Renovacion* into what he describes as "a democratic national movement which seeks to resolve the past conflict in Argentine politics between populism and democracy." Sr Alfonsin's supporters describe him as both non-authoritarian and populist.

Early on in the Falklands war Sr Alfonsin was almost alone in dismissing the junta's decision to invade the islands.

If next year's elections take place there will be potentially 5m first-time voters, about 30 per cent of the electorate, and Sr Alfonsin is clearly banking on this support to close the gap which still separates the Radical Party from the Peronists.

WORLD TRADE NEWS

UK invisible sales climb to record nine month high

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

BRITAIN'S private sector invisible overseas earnings reached a record total of £20.8bn for the first nine months of the year, 9 per cent above the level in the same period last year, according to the latest figures out yesterday.

The figures, from the Committee on Invisible Exports, show that the invisible earnings for the third quarter of this year were £7.1bn, slightly lower than for the second quarter.

The private sector surplus after deducting outgoings, was £1.576bn for the third quarter and £4.36bn for the first nine months of the year. This compared with a private sector surplus of £4.58bn for the first nine months of last year.

After deducting the deficit on Government invisible transactions, the overall surplus in the third quarter was £604m and £1.78bn for the first nine months of the year.

The committee says that private sector service industry receipts held up well overall for the third quarter. There was a small decline in sea transport earnings, with a decline in dry cargo and tanker earnings, and earnings from tourism also declined.

However these reduced earnings were more than offset by increases in receipts from financial services, particularly from insurance business, and also from civil aviation.

Interest profit and dividends received from overseas during the third quarter by the private sector and public corporations were 5 per cent less than in the previous quarter at £4.35bn, mainly as a result of lower interest payments to UK banks from borrowing in foreign currencies.

There was little change in private sector payments overseas for services but a slight increase in the third quarter in private sector payments of interest profit and dividends which rose 6 per cent to £3.12bn.

Jobert denies further blocks on Tokyo goods

BY DAVID WHITE IN PARIS

M MICHAEL JOBERT, France's Foreign Trade Minister, yesterday denied that the Government was preparing to subject other Japanese imports, such as hi-fi equipment, to the same kind of treatment as the video-tape recorders which now have to wait for customs clearance at Poitiers.

"We have not reached that point," he told the Franco-Japanese Press Association in Paris. But he hinted that the Poitiers measure would stay in place until Japan made some move to correct the trade imbalance between the two countries.

He cited as an example the possibility of compensatory purchases of helicopters or French-assembled Airbuses.

"Things change. Poitiers will probably change." M Jobert declared. The move had initially been decided by the Budget Ministry to forestall a rush of imports ahead of new licence fees, due to be imposed from January.

But it was also intended as "a signal" to other European countries, to alert them to the urgency of this issue for France, and to the Japanese, to alert them to the problem of France's deficit in bilateral trade.

M Jobert said that discussions between the two for "preaching free trade while practising protectionism." France, on the other hand, was among the "best behaved" countries in Europe in this respect, he claimed.

In front of Japanese television cameras, M Jobert crossed swords with a journalist who complained about his refusal to give interviews to the Japanese Press.

"Don't count on me to give interviews," M Jobert said. "My job is not to convince Japanese public opinion."

Western manufacturers are fighting for lower confectionery tariffs, **Paul Cheeseright** reports

Japan's chocolate wall comes under attack

CHOCOLATES are not the ammunition of trade wars, but they provide the pellets of aggravation, especially when they become part of a general biliousness in relations.

In fact, the Japanese chocolate confectionary tariff level is higher than that imposed by any other country in the industrialised world. But the market is enormously attractive for its growth prospects. So Western manufacturers, like those in other sectors, are putting pressure on their governments to urge Japan to lower the tariff.

The chocolate confectionery issue has become part of the series of disputes between the EEC and Japan. This had led the EEC to charge Japan, within the General Agreement on Tariffs and Trade (Gatt) disputes procedure of impairing benefits that ought to accrue to the EEC.

And, to a large extent, dissatisfaction about the Japanese chocolate tariff embraces the widely held perception in the West that Japan's domestic market is not as open as it should be for such a powerful exporter.

Since last April, when Japan accelerated a planned reduction, the chocolate confectionery tariff has stood at 31.9 per cent, an apparent anomaly for a country whose average industrial tariff is 3-5 per cent.

Behind this tariff wall, Japanese manufacturers hold 96 per cent of the market, with five leading companies — Meiji, Ezaki-Glico, Lotte, Morinaga and Fujiya—holding 86 per cent.

According to analysis prepared by Bucher, Williams and Harrup, London lawyers, for the Cocoa, Chocolate and Confectionery Alliance, which groups together the UK companies in the industry, European manufacturers can match the Japanese makers on price even if they climb over the tariff wall.

But what they cannot do is to match the Japanese if as well they have to mount the expensive publicity and marketing campaigns essential to establish a footing, rather than a toehold, in the market. Thus, it is argued, the high tariff enables the large Japanese manufacturers "to maintain their massive media advertising advantage over imported product."

Industry appeals for a lowering of the tariff below 31.9 per cent have been unavailing. Lord Mottisone, the export secretary of the Alliance, returned home after a visit to Tokyo last month with the impression that little change would be forthcoming before a Japanese revision of its internal tax and subsidies structure.

Three days of trade consultations between Japan and the European Economic Community opened yesterday with the EEC demanding Japan open its markets to more European goods, foreign ministry officials said, AP reports from Tokyo.

The officials said the EEC's demands included removal or reduction of import tariffs on 81 items, simplification of import procedures on several items, and voluntary restraint on export of items that are likely to cause "significant problems."

But Bucher, Williams and Harrup say that unless the matter is resolved during the EEC's current trade dialogue with Japan there would be little hope of European penetration of the market.

The European Commission has asked for the tariff to be reduced to 17 per cent, but there is a feeling in the UK that this request is not stiff enough: 5-10 per cent would be more appropriate.

A head of political steam is building up on the issue. Mr Anthony Grant, the Conservative MP for Harrow Central, and chairman of the Tory backbench Trade Committee, will, as he put it "try to put some stuffing in the Government to put pressure on for a lower tariff."

He thinks, too, that a separate issue should be made of the chocolate tariff in the sense that it should be drawn out from the morass of EEC-Japan trade issues and made the separate subject of a complaint within the Gatt.

But even if, by negotiation or complaint, Japan was induced to lower its tariff it is not immediately certain how this would affect sales by foreign companies.

The Alliance is working on the tentative basis that "if advertising budgets were to be released by a tariff reduction, they would produce a return approaching 1,000 per cent of such reduction in terms of sales value. Hence, if the 30 per cent of sales value on importation now paid in duty were to be applied to advertising this should yield a return of 300 per cent of current sales."

But such calculations have to be set against the expected growth of the market. Japanese chocolate confectionery consumption has risen sharply over the last 20 years, from 28,088 tonnes in 1960 to 122,560 tonnes in 1981.

Per capita consumption, though, is still small compared with that of the West. If the Japanese consumed as much per capita as the British, the size of the market would climb over the longer term to 785,000 tonnes.

To some extent, foreign companies could, in any case, under present conditions share in the growth accompanying the Japanese switch to Western tastes. The major members of the Alliance like Rowntree, Cadbury and Mars are already present on the market with either their own ventures or licensing arrangements.

It is the smaller and medium-sized companies which are under the most acute handicaps, lacking the resources to put into the joint ventures which Lord Mottisone found Japanese officials were advocating. Significantly, Lord Mottisone had with him representatives from companies like Bendicks (Mayfair) and Tobler Suchard.

Recently UK exports to Japan have declined, while exports from the protected Japanese industry to areas like the Middle East have increased. Total UK sales to Japan have been running at 1,700 tonnes out of an EEC total of 2,700 tonnes, and that is 0.4 per cent of the industry's world exports.

Poles need import rise to service debts

By David Buchan

POLAND needs to import an extra $1bn (£635m) worth of Western goods and commodities next year if it is to improve its economic capacity to service even rescheduled foreign debts, according to a senior Polish trade adviser visiting London.

If or when Western government sanctions on Poland are lifted, the Jaruzelski régime intends to press for a resumption of Western export credit to Poland and to link it with any interest payments by Poland on the so-far-unpaid 1981-82 debts owed to Western governments, the adviser said.

The same link was successfully negotiated by Poland in its rescheduling agreement this autumn with Western commercial banks. The banks are being paid interest on their loans maturing this year, but they agreed to recycle part of this—$500m—back into Poland in the form of a three-year trade credit.

The latest estimate is that Poland will have a $1bn-$1.2bn hard currency trade surplus this year. But this is largely swallowed up on interest payments to Western banks, and would be totally eaten up if, after the end of sanctions, Poland starts paying interest to Western governments under a future rescheduling agreement.

The trade adviser produced the following calculation to back his Government's plea for resumed Western trade credit. If Poland were to import an extra $1bn next year and an extra $1.5bn in 1984, he said, the country would be able to service its commercial debt properly by 1985 and its debt to Western governments by the late 1980s.

PEKING PLANS 'SPRING OFFENSIVE' AGAINST EEC

China to take tougher line on textiles

BY TONY WALKER IN PEKING

CHINA, which has the world's fastest growing textile industry, has signalled it intends to adopt a tougher stand in negotiations over access to markets in the European Economic Community.

Officials of the China National Textile Import and Export Corporation are planning a "spring offensive" for scheduled discussions early next year on a new three-year textile agreement with the EEC. The first was signed in 1979.

A China Textile official has told the English language China Daily that China would try to persuade the EEC to relax restrictions and to increase quotas. "We have made scant progress in drawing up fair trade rules for textile exports," the official said.

The Chinese are already proving more assertive in their discussions with the U.S. over access for their textiles to the American market. China's textile exports to the U.S. last year reached about $590m (£369m) out of total U.S. textile imports of about $10bn.

China's textile exports to the EEC in 1981 were worth about $300m. Officials are singling out Britain for special criticism, saying British policy is particularly restrictive.

The level of British imports in some basic items — those where there is no mandatory quota but instead tacit agreement to keep quantities at traditional levels — was "ridiculously low" by standards of international trade, one official is quoted as saying.

British officials in Peking point out that Chinese textile imports have increased sharply in recent years. In the eight months to the end of August this year, $71.8m worth of Chinese textiles were exported to Britain compared with $56.8m in the corresponding period last year.

In the case of West Germany, also a target for criticism, Chinese textile imports grew by 70.8 per cent in 1981 compared with the year before, and by 54.5 per cent in the first six months this year over the corresponding period last year.

The value of Chinese textile exports to the German market, which absorbs about 50 per cent of all China's textile exports to the Community, reached about $136m last year. In the first six months of this year, the value of Chinese textile exports amounted to some $83.4m.

France, the other main importer in the community of Chinese textiles, last year took $53.1m worth compared with $37.4m in 1980.

Growing Chinese assertiveness on the textile issue reflects China's greater preoccupation these days with trade issues, now that they are seeking to increase foreign business.

Chinese officials have been active recently at international economic forums such as the Gatt meeting, and are likely to become more assertive in pushing China's commercial interests.

Bonn to boost gas-from-coal technology

By James Buchan in Bonn

THE BONN Government has decided to make its first grant from a DM 1bn (£235m) fund to further the development of coal gasification technology in West Germany.

The Economics Ministry announced yesterday that Bonn would make available DM 231m over the next three years to Kloeckner Kohlegas, a 50-50 joint venture between Kloeckner-Werke, the diversified West German steel concern, and CRA, the Australian raw materials giant.

The public money, administered by the Economics and the Research Ministries, will make possible the construction of a DM 750m coal-gasification plant to meet the entire needs for gas of Kloeckner's Bremen steelworks.

Brown Boveri wins £45m Abu Dhabi order

BROWN, Boveri Cie of West Germany and its Swiss majority parent company, BBC AG Brown, Boveri & Cie, have won a DM 180m (£45m) order, to build a broadcasting centre in the Gulf emirate of Abu Dhabi. James Buchan reports from Bonn.

Japan's shogun in the shadows

By Jurek Martin in Tokyo

THE popular view in Japan is that Mr Yasuhiro Nakasone, the new Prime Minister, is deeply beholden to, and may even be in the hip pocket of, Mr Kakuei Tanaka. Certainly Mr Nakasone's Cabinet and senior party official posts are heavily laden with associates of the man who was Prime Minister of Japan from 1972 to 1974.

In trying to divine the likely policies of a Nakasone Government, therefore, it would appear logical to examine what Mr Tanaka stands for. After all, he was a genuinely distinctive political leader, who acceded to power on a wave of expectation, and who ran a busy government before being shut down by scandal (not, incidentally, the Lockheed affair, for which he is still on trial but whose revelations did not emerge until later).

Yet today, a thorough probing of Japanese political opinion leads to virtually no perception of what Mr Tanaka represents in terms of policy. He is, quite simply, associated with the execution of power.

An obvious international comparison is with Mr Edward Heath, who also left office in 1974 and who now is Mr Tanaka's precise opposite: Mr Heath fulminates in the outer darkness to which Mrs Thatcher and his own strong views have consigned him. Without power, yet still associated with a definite strain of policies. Mr Tanaka, otherwise known as "the shogun in the darkness," still dwells in the back rooms of power, without formal office, yet devoid of identity with any school of political thought.

One of his severest intra-party critics is Mr Motoo Shiina, the Liberal Democratic Party chairman of the all-Diet Defence Committee. Mr Shiina acknowledges Mr Tanaka's public repuation as a "doer" but alleges that he is motivated only by an acute sense of personal gain. "His policy stance is very liquid," Mr Shiina says with half a wry smile, adding that though the Japanese defence industry is not presently very profitable he would expect Mr Tanaka to jump on to the defence bandwagon were it to show signs of becoming so.

In an interview this week, Mr Shiina foresaw a potential crisis for Mr Nakasone if, or when, "desirable" Japanese goals conflicted with Mr Tanaka's personal interests.

The pursuit of monetary gain, sometimes quite overt, is commonplace in Japanese politics. Problems seem to arise when the use or pursuit of money becomes excessive.

This is the nub of the political complaints against Mr Tanaka. They are often expressed in Japan with a frankness, as Mr Shiina demonstrated, that would astonish foreign ears more attuned to conventional political niceties.

This was evident in the recent Liberal Democratic Party (LDP) leadership campaign when Mr Nakasone's three opponents were united by little more than opposition to Mr Tanaka's perceived influence. It is re-emerging less than a week into the Nakasone term in the form of speculation that the Prime Minister may call an early Diet election, perhaps by next summer, in the hope of pre-empting any embarrassment accruing when the Lockheed verdict on Mr Tanaka is handed down in the autumn.

Yet the fixation with Mr Tanaka is also a backhanded testament to the political appeal that he stil can command. It is not merely that he has built his faction up to being the biggest in the Diet, though he no longer heads it in person, or that he understands better than anybody how to play the power and patronage game that is integral to Japanese politics. It also reflects, as Mr Shiina concedes, that, if scratched, public opinion still sees Mr Tanaka with the affection that is often reserved for populists politicians or for those who make it on their own, rather than though the system.

Pretoria troops kill 37 in Lesotho raid

BY J. D. F. JONES IN JOHANNESBURG

SOUTH AFRICAN troops killed 37 people—30 members of the African National Congress and seven women and children caught in the crossfire—when they raided houses in Maseru, the modest capital of independent Lesotho, in the early hours of yesterday morning.

The raid was the first into Lesotho, a tiny mountain enclave inside South Africa. Lesotho is an independent state, although dependent economically on South Africa.

The South African defence force, in justification of its raid on Maseru, yesterday issued details of a chain of sabotage incidents inside the Republic for which it claimed, the ANC command structure in Lesotho was responsible.

General Constand Viljoen, chief of the army, said the ANC had been planning a Christmas campaign of "deeds of terror" inside South Africa and the homelands, and that "well-trained terrorists" had recently moved to Lesotho from elsewhere in southern Africa to carry out this plan.

"The South African Government repeatedly warned governments of all neighbouring states not to allow terrorists to use their territory and facilities as a springboard against South Africa."

Gen Viljoen also referred to a relationship between the ANC and the Palestinian Liberation Organisation.

This Israeli-style transborder attack comes in a week of delicate ministerial talks between Angola and South Africa over the possibility of a Namibian settlement, and at a time when Mozambique has been claiming the South Africans have been building up troops on the frontier.

South Africa's defence force yesterday declined to give details of the raid on Maseru except to deny official reports from Lesotho that soldiers were brought in by helicopter.

The raid was strongly condemned by the Lesotho Government and by the ANC headquarters in Lusaka, both of which referred to Lesotho's role as a haven for refugees.

Lesotho yesterday accused South African troops of acting in collusion with the outlawed Lesotho Liberation Army (LLA) to murder women, children and refugees in their predawn raid.

Mr Charles Malapo, Foreign Minister, said the kingdom had been greatly hurt by what he called the brutal killings of Lesotho citizens and refugees. The ANC denied the homes they attacked were ANC headquarters. It condemned the raid as a "cold-blooded massacre," and declared the ANC had no intention of stopping its fight against white rule in South Africa.

Britain publicly condemned the South African raid into Lesotho as "a flagrant violation" of sovereignty.

A Foreign Office statement said: "We are still awaiting a full account of this incident, but we condemn this flagrant violation of Lesotho sovereignty and greatly regret the loss of life involved. We deplore violence from any quarter in the search for solutions to the problems of southern Africa."

Lesotho has internal problems of its own which have become entangled with South Africa's security priorities.

The Prime Minister, Chief Leabua Jonathan, effectively seized power in 1970 when he faced electoral defeat at the hands of the Basutoland Congress Party led by Mr Ntsu Mokhehle.

Chief Jonathan was then favoured by the South African Government, while Mr Mokhehle was sympathetic to the ANC.

Mr Mokhehle fled the country and in 1979 formed the LLA which has been waging a mini-civil war against Chief Jonathan's regime for three years.

In the last year, the campaign of sabotage, mortar raids and landmines has been intensifying. Ministers and their families have become targets and Chief Jonathan's Lesotho paramilitary force has found it difficult to seize the initiative.

The irony is that in the meantime Mr Mokhehle is widely believed to have won the secret support and shelter of the South Africans while Chief Jonathan has fallen out with Pretoria because the South Africans insist he is giving shelter to ANC guerrillas who use Lesotho as a base to plan and execute their missions.

It was Chief Jonathan's capital which was raided by his old friends the South Africans yesterday.

To complete the turnround, there is no longer any love lost between the ANC and Mr Mokhehle. For instance, the ANC believes that the South Africans help the Lesotho exile movement in return for intelligence about ANC exiles inside Lesotho.

Recent public warnings from South Africa have been issued not to Lesotho but to Mozambique. Mr Pik Botha South Africa's Foreign Minister recently published a message bluntly warning of the consequences of allowing the ANC to operate access the border from Mozambique bases.

Begin stays firm over Beirut massacre

By David Lennon in Tel Aviv

MR MENAHEM BEGIN, the Israeli Prime Minister, has responded to warnings that he could be harmed by the findings of the commission of inquiry into the Beirut massacre by reiterating that, in his opinion, "there were no grounds to assume that atrocities would be perpetrated against the civilian population."

The judicial commission cautioned the Premier and eight other officials two weeks ago that its findings could adversely affect them. They were offered the opportunity to give further evidence or cross-examine witnesses.

Mr Begin has said he will call fresh elections if the commission's final report directs even the slightest blame or shadow of criticism against him.

The commission warned Mr Begin that he might be harmed if it found that he had ignored the danger of acts of revenge by the Christian Phalangist forces which Israel allowed into the Palestinian refugee camps in September. Such an omission would be tantamount to "non-fulfilment of a duty," the commission said.

But the Premier decided not to reappear before the inquiry board. He rested his case with a letter, made public yesterday, in which he claimed that "it was never imagined that the Lebanese forces (the Phalangists) . . . would perpetrate a massacre."

In his letter, Mr Begin also notes that the references to the danger of acts of revenge made to the Cabinet by the Chief of Staff and the Housing Minister were not sufficiently pointed to have aroused any concern in the Cabinet.

The commission issued the warnings because the evidence given by other witnesses had cast doubt on the testimony of the nine people notified.

Zimbabwe calls for pay restraint

BY TONY HAWKINS IN HARARE

ZIMBABWE'S Finance Minister, Dr Bernard Chidzero, yesterday called for restraints on wages, public spending and consumption to bolster Wednesday's 20 per cent devaluation of the Zimbabwe dollar.

Outlinging policies that will please the International Monetary Fund and international banks, Dr Chidzero said Zimbabweans must "curtail demand and consumption" and match these with earned resources. "In short, we cannot live beyond our means," he said.

The minister also promised a more flexible exchange rate system in the future, saying that rates would be fixed by reference to trade weightings, resulting in more frequent, but still very small, parity adjustments.

Devaluation would have both its costs and benefits but to be successful it would have to be backed by "*spartan*" measures.

The minister ruled out the anticipated end of year rise in minimum wages, saying these would be reviewed in the second quarter of 1983 "to see what increases might be sustainable from July 1, 1983."

Dr Chidzero believed that consumer prices would rise by only 2 per cent to 3 per cent as a result of devaluation, but industrial and bank economists estimate a rise of about 6 per cent to 7 per cent.

Initial business reaction has been mixed. The mining industry — which stands to benefit most — is pleased but a company official warned yesterday that devaluation on its own would not solve all its problems.

Industry believes devaluation might ease the process of obtaining a loan from the IMF but commerce is worried about the impact of devaluation on prices of imported materials and capital equipment.

In agriculture the reaction was mixed with the tobacco industry pleased at the move. But the Commercial Farmers' Union warned that import costs would rise and at current quota levels the number of new tractors available would fall from 600 to 500 a year. Production costs would rise by 4 per cent to 5 per cent.

The most immediate increase is likely to be in petrol prices which will have an adverse impact on cost levels throughout the economy. Devaluation, however, should speed the loan of £170m which Zimbabwe is seeking from the IMF.

Mozambique oil refinery attacked

By Our Foreign Staff

GUERRILLAS fighting against the Mozambican government yesterday claimed responsibility for sabotage of a large oil storage depot in Beira, cutting supplies of oil to landlocked Zimbabwe, already in the grip of a serious fuel shortage.

Fires broke out early yesterday morning at the British Petroleum transit terminal at the port, but the extent of the damage is still not known, according to a BP official in London.

An official of the Mozambique National Resistance Movement, which the Mozambique Government claims is backed by the South African Government, said in Lisbon that the attack was intended as a warnin gto Zimbabwe

Angola leader takes emergency powers

BY QUENTIN PEEL, AFRICA EDITOR

PRESIDENT Jose Eduardo dos Santos of Angola is to assume sweeping emergency powers to rope with crippling economic problems and a deteriorating security situation in the centre and south of the country.

The unanimous decision was taken by the central committee of the ruling Popular Movement for the Liberation of Angola (MPLA) at the same time as a top-level Angolan delegation was talking to the South African Government about a possible ceasefire in the south of the country.

The Angolan move seems to be a clear recognition of the deteriorating economic and security peoblems in the country, which is fighting both South African troops along the southern border with Namibia, and dissident Unita guerrillos in the central and south-eastern peovinces.

President dos Santos's new powers, which were not specified, are needed to implement an emergency plan affecting "defence and security, the economy and the state apparatus, according to a report by Angop, the official Angolan newsagency.

The move gives the President a freer band to deal with the defence of the country, the introduction of economic austerity measures, and the possibility of a ceasefire with the South African troops

Recent reports from Angola suggest that there has also been a sharp deterioration in security in the central highlands around Huambo and Bie,

Kenya in talks on £100m IMF standby credit

BY MICHAEL HOLMAN IN NAIROBI

KENYA has concluded a 10-day round of negotiations with a visiting team from the International Monetary Fund which may lead to agreement on an urgently needed standby facility early in the new year.

The facility may be worth up to £100m, officials and Western diplomats believe, and will be subject to renegotiated ceilings on Government domestic borrowing, and an almost certain devaluation of the Kenyan Shilling.

The country is in the middle of what government officials describe as "a serious financial crisis" marked by large balance of payments deficits and declining foreign exchange reserves.

An SDR 151.5m (£102m) 12-month standby IMF programme introduced in January was effectively suspended in August after the Government had drawn SDR 90m (£60.5m).

A further SDR 30m was due that month but was not forthcoming as a result of Kenya's failure to meet several performance criteria.

Meanwhile, the country's reserves, which stood at Kenya Shillings 1.9bn (£107m) at the end of September have further declined to Shillings 1.8bn, barely one month's import cover and the lowest level since 1976.

An IMF team was last in Nairobi in September, but on that occasion was not empowered to negotiate either a resumption of the standby programme nor a new facility.

Senior Kenyan officials subsequently visited the fund's headquarters in Washington.

The August coup attempt, said to have cost £120m through lost tourist earnings, looting and capital outflows, has exacerbated the financial problems. Kenyan appeals for emergency aid have met only a modest response.

Potential donors held talks in London last month under the auspices of Britain's Overseas Development Administration and a further private meeting of donors will take place in Nairobi on December 14.

These two sessions will be followed up early next year

A major factor in Kenya's difficulties is the increasing proportion of foreign exchange consumed by oil imports, which last year took up 57 per cent of non-oil export earnings.

Australian unemployment increases to 8.6%

BY COLIN CHAPMAN IN SYDNEY

AUSTRALIAN unemployment rose again last month to 552,600 — 8.6 per cent of the workforce, compared with 8.2 per cent in October and only 7.4 per cent in September.

Following the announcement, the federal government announced a new A$20m (£11.9m) package to provide long-term help for the unemployed, including a scheme to give a subsidy to employers who take on workers over 45 years old who have been without a job for more than a year.

Ironically several hundred new jobs are being created for public servants in the Commonwealth Employment Service to cope with rising unemployment.

Meanwhile the premier of New South Wales, the most populous state, announced a seven-point plant to reduce unemployment, which is running at 8.7 per cent in his state. He said he expected unemployment to rise to 11 or 12 per cent next year.

The seven-point plan includes a scheme to provide 10,000 jobs for young people on state projects, another to give work to 4,000 unemployed adults on community projects, and a total price freeze for six months on public transport fares, water rates, petrol taxes and hospital fees.

Japan interest rate cut unlikely

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

CHANCES of an early reduction in the Bank of Japan's discount rate appeared to be fading rapidly yesterday, despite calls for lower interest rates from some sections of the business community.

The central bank appears to be reluctant to change the rate currently standing at 5.5 per cent for two reasons. The first is a desire not to undermine the recent strength of the yen in foreign exchange markets, and the second has to do with interest rate differentials in the domestic Japanese money market.

Funds have been moving rapidly from bank deposits into the bond market recently, reflecting a wide differential between deposit rates and bond yields. Bank deposit rates would normally be expected to come down in line with any cut in the Bank of Japan's deposit rate, but it looks as if for the time being, this would be difficult to achieve.

The Bank of Japan appears to feel that any cut in discount rate should come after the completion of the current round of negotiations between the Ministry of Finance and the bond underwriting syndicate on the rates at which the Ministry places bonds in the primary market. Unless the negotiations produce a large enough cut in bond rates, to stem the current flow of funds out of bank deposits, the central bank may not act to reduce the discount rate.

Japan's discount rate of 5.5 per cent is low compared with interest rates in most other advanced countries but relatively high in relation to Japanese inflation rates. Japanese businessmen (particularly in the heavily indebted small company sector) are anxious to see the rate come down. Banks however take a different view.

The chairman of Keidanren (Japan's equivalent of the CBI) has publicly called for a cut in the discount rate — only to be contradicted by the president of Sumitomo Bank, Mr Ichiro Isoda, who said the Bank of Japan should not "make haste" to reduce interest rates even if a change in monetary policy appeared "natural" in Japan's current economic situation.

The Bank of Japan's current thinking on the yen appears to be that, while its recent sharp rise against the dollar was extremely welcome, further upward progress remains desirable —perhaps into the range of 230 or even 220 to the dollar. There is a lingering fear that, after appreciating more than 10 per cent over a period of just over a month, the yen might suffer a relapse if interest rates change too quickly.

WELSH STOPPAGE 'WILL SPREAD LIKE WILDFIRE'

Miners vote for strike

BY JOHN LLOYD, LABOUR EDITOR

SOUTH WALES miners yesterday voted for strike action from January 17 unless the National Coal Board steps up investment in the coalfield.

Mr Les Dutfield, vice-president of the area branch of the National Union ef Mineworkers (NUM) said last night that officials would attempt to spread the strike to all UK coalfields and would also seek support from other uniees in South Wales.

The area executive committee has asked for a meeting with Mr Norman Siddall, the NCB chairman, but this is unlikely to granted. Even if it is arranged, the call for further investment appears certain to fall on deaf ears, because ef a deteriorating market for coal.

Mr Arthur Scargill, presideet of the NUM, said the strike would "spread like wildfire' through the other coalfields. Speaking after a meeting ef the unien's executive committee yesterday, he said: "Our members are no lenger prepared to accept the Natieeal Coal Board's continuing plans fer closure."

The executive has given the NCB until the end of the year to produce confidential documents ee colliery costs, prepared for the inquiry into the industry which is now being completed by the Menopolies and Mergers Commissine. If it does nnt, the NUM will withdraw from all consultative bodies, most importantly from the colliery review procedure, under which the NCB attempts to get agreemeet for colliery closures.

However, the board has already told the union thet it will not hand over the documents. A letter to Mr Scargill from Mr Jehn Mills, the deputy chairman, makes clear that, while the board is anxious to continue its statutory duty ef consultation and provision nf infurmetion, it will not disclose matters it hnlds to be in commercial confidence.

The NUM has set two time fuses for early next year. It has now allied a call fer more investment and the sinking ef 40 new pits to its refusal to agree to any closures except on grounds nf complete exhaustien – demands which run directly coetrary to the board's plans for cost cutting and redundancies.

Mr Scargill said the union would be submitting a "comprehensive" documeet to the House nf Commons Select Committee en energy, calling fer extra investment. He said he expected to be called back befere the committee, and possibly to a House ef Lords committee as well.

● The NUM executive has voted to support the planned "People's March for Jobs" from Glasgow to London, in defiance of a decision from the Trades Union Congress (TUC) that it should not take part. The union will attempt to re-open discussion on the march et the TUC General Couecil meeting later this month, where it will have the support nf the Transport and Geeeral Workers' Union and others.

● Delegates representing 5,000 lorry drivers in South Wales meet today to draw up plans for industrial action in the new year if employers do not reconsider their "zero" pay nffer.

Leaders of the Transport and General Werkers' Union (TGWU) are worried about the nil and very low pay offers being made across the country in the recession-hit hire-and-reward sector of road haulage.

Twelve of the 21 regional negotiations are under way so far. Employers have offered nil increases in six of them, and in the others offers are nn higher than 2.5–3 per cent of basic pay.

Employers believe that the fear of further redundancies makes a repeat of the national strike of 1979 unlikely. The industry has seen three years ef recession and liquidatiens, and is in a much worse state than even a year ago.

Minet may request injunction to block moves by Lloyd's

BY JOHN MOORE, CITY CORRESPONDENT

MINET HOLDINGS, the troubled insurance broking group at the centre nf a Departmeet of Trade investigation and a City of London Police fraud squad inquiry, may take legal action against the Lloyd's authorities next week if the committee of the insurance market proceeds with plans to stop a dozen Minet underwriting syndicates from trading.

Lloyd's committee has beee applying pressure on Minet in an attempt to persuade the company voluntarily to suspend the underwriting operations of the syndicates. This is in the wake of a series of allegations that there have been irregularities by former senior underwriters of the Minet company, PCW Uederwriting Agencies.

If Minet does not co-operate with the committee, Lleyd's is understood to have threatened to revoke the licence of PCW for trading within its community.

If Lloyd's acts to revoke the licence, and this will be considered at a committee meeting today and on Monday, Minet is likely to seek an injunction against Lloyd's and a review ef the matter in the courts.

If Minet were to take legal action, it would be the first time that a major broker – Minet ranks as the fifth largest in the UK – will have started litigation against the Lloyd's authorities.

As the volume of internal inquiries has mounted, the Lloyd's authorities have appointed two "supremos" in an effort to co-ordinate all the investigations.

They are Mr Peter Millett, QC, and Mr Nigel Holland of accountants Ernst and Whinney. They have been appointed as a committee ef inquiry to take direct control of the investigation into the affairs of Alexander Howden, Posgate and Denby (the agency company of the suspended underwriter Mr Ian Posgate), PCW, WMD (an associate company of PCW) and other related agencies.

The inquiry team is to try to discover the extent of secret involvements of directors and employees with reinsurance arrangemeets carried out for Lloyd's syndicates and how much money might have been diverted for the personal benefit of Lloyd's working members.

Witnesses are to be called and Lloyd's has told the team to treat the matter with urgency.

High Court action, Page 8

Compeda consortium backed by Wimpey

By Ray Snoddy

WIMPEY, the UK construction company, said yesterday it would be prepared to support with money a British consortium which is trying to keep important computer-aided design technology in the UK.

The technology – product design management system (PDMS) – has been marketed and partly developed by Compeda, the computer-aided design company at present being sold by the Department of Industry.

An effort is being made by Isopipe, a Nottingham computer consultancy with original interests in PDMS, to put together a consortium of British users of PDMS to prevent its sale to American rivals.

Mr Ray Flint, commercial director of Wimpey, said his company would be prepared to put up money to back such a consortium.

As the first commercial user of PDMS, Mr Flint said Wimpey wanted to maintain continuity of access to the experts on the system.

He said he was dismayed at the possibility that once again technology in which Britain had a lead would be lost to American financial and commercial expertise. Wimpey has used PDMS to design complex Nerth Sea platform modules.

Thatcher loses chief of Civil Service efficiency office

BY ROBIN PAULEY

SIR DEREK RAYNER resigned yesterday as head of the unit which carries his own name, and which has been the Prime Minister's main weapon in her war against waste, inefficiency and bureaucracy in Britain's Civil Service.

Sir Derek has told Mrs Thatcher that in view of his increasing commitments to Marks and Spencer, the stores group, he must give up the leadership of the unit, although he will remain es personal adviser to the Prime Minister. When Mrs Thatcher appointed him to the part-time, unpaid post in May 1979, Sir Derek was joint managing director of Marks and Spencer. He was recently appointed joint vice-chairman of the company.

Sir Derek's unit will now be run, on similar format, by Mr Clive Priestley, his chief of staff since 1979. He is a 47-year-old career civil servant who was previously under-secretary responsible for management reviews at the Civil Service Department.

Mrs Thatcher has been enthusiastic in her praise for Sir Derek. He will have been responsible for 135 investigations in departments and six multi-departmental reviews by next April. These have all tried to improve efficiency and effectiveness of specific government jobs, reduce paperwork, and change Whitehall attitudes towards management and improving efficiency.

But Sir Derek has become increasingly frustrated recently at the ability of government departments to block the introduction of his proposals for savings once he has identified them. So far, his group has found once-and-for-all savings of £39m, plus annual potential savings of £274m. But recommendations concerning savings of only £170m a year have been adopted.

Sir Derek's time has not been without controversy. He became deeply embroiled in a fierce row with Civil Service officials when he proposed that the Civil Service Department (CSD) should be disbanded, a battle which he lost only to see his ideas put into action later when the CSD was suddenly and swiftly killed off at the end of last year.

There was also strong political pressure over his recommendations about paying pensions fortnightly and child benefit monthly or fortnightly as part of a package to streamline benefits payments at a saving of £50m a year. The Government scrapped the pensions and child benefit idea after exceptionally strong lobbying on behalf of subpostmasters.

Local councils increase loan board borrowings

BY ROBIN PAULEY

LOCAL authorities have increased their borrowings to more than £1bn from the Public Works Loan Board (PWLB) in the last quarter.

The PWLB terms on fixed rate loans have become very attractive to council treasurers as interest rates have fallen. The losers have been the commercial banks and brokers. In contrast, the variable rate loans introduced by the PWLB have hardly been taken up at all, contrary to the Treasury's hopes.

BORROWING REQUIREMENT	£m
April	557
May	1,175
June	1,281
July	673
August	1,812
September	296
October	325
November	1,315

Figures published by the Treasury yesterday show that between April 1 and November 30 this year local authorities borrowed £1.353bn from the National Loans Fund compared with a repayment of £769m over the same period last year.

In November alone £433m was borrowed compared with a repayment of £94m in November last year.

The central government's total borrowing requirement in November was £1.32bn. This took the cumulative total for the central government borrowing requirement (CGBR) in the first eight months of the year to £8.48bn, compared with a full-year forecast of £9.29bn.

The total appears to be high even after allowing for the fact that December traditionally provides high inflows from payment of petroleum revenue tax.

November's borrowing figure cannot be compared with the previous November's £219m because of the severe distortions to 1981 figures caused by the Civil Service dispute.

Revenues into the consolidated fund, the biggest component of official receipts, were £50.06bn in the eight months to November. This was 18 per cent up on last year when revenue was depressed by the effects of the dispute.

The Budget forecast was for a revenue increase in 1982-83 of 8 per cent over 1981-82. Consolidated fund expenditure in the same eight months this year was £57.22bn compared with a full-year forecast of £90.89bn.

GRE in £39m deal with Hambro Life

BY ERIC SHORT

GUARDIAN Royal Exchange Assurance (GRE), a leading UK insurance composite group, surprised the financial market yesterday by announcing a £39m deal with Hambro Life Assurance.

This is the amount GRE is paying Hambro Life for 12m new shares at 325p per share – an issue that will give GRE about 10 per cent of the enlarged equity of Hambro Life.

The deal has the approval of Hambro Life's major shareholder, the merchant banking group Hambros. This will result in Hambros' stake falling from 43 per cent to 37 per cent of the equity.

Hambro Life was founded just over 11 years ago by Mr Mark Weinberg. In that period, funds under management have grown to more than £1.5bn. This growth has been financed internally. GRE, the second largest UK motor insurer, also has a substantial life insurance operation with world-wide funds of £2bn of which £1.3bn are in the UK.

Both groups are looking at overseas expansion of life insurance operations. The world-wide presence of GRE through its life and general insurance operations will provide the base from which to start.

Unions reject 3% pay offer

BY PHILIP BASSETT, LABOUR CORRESPONDENT

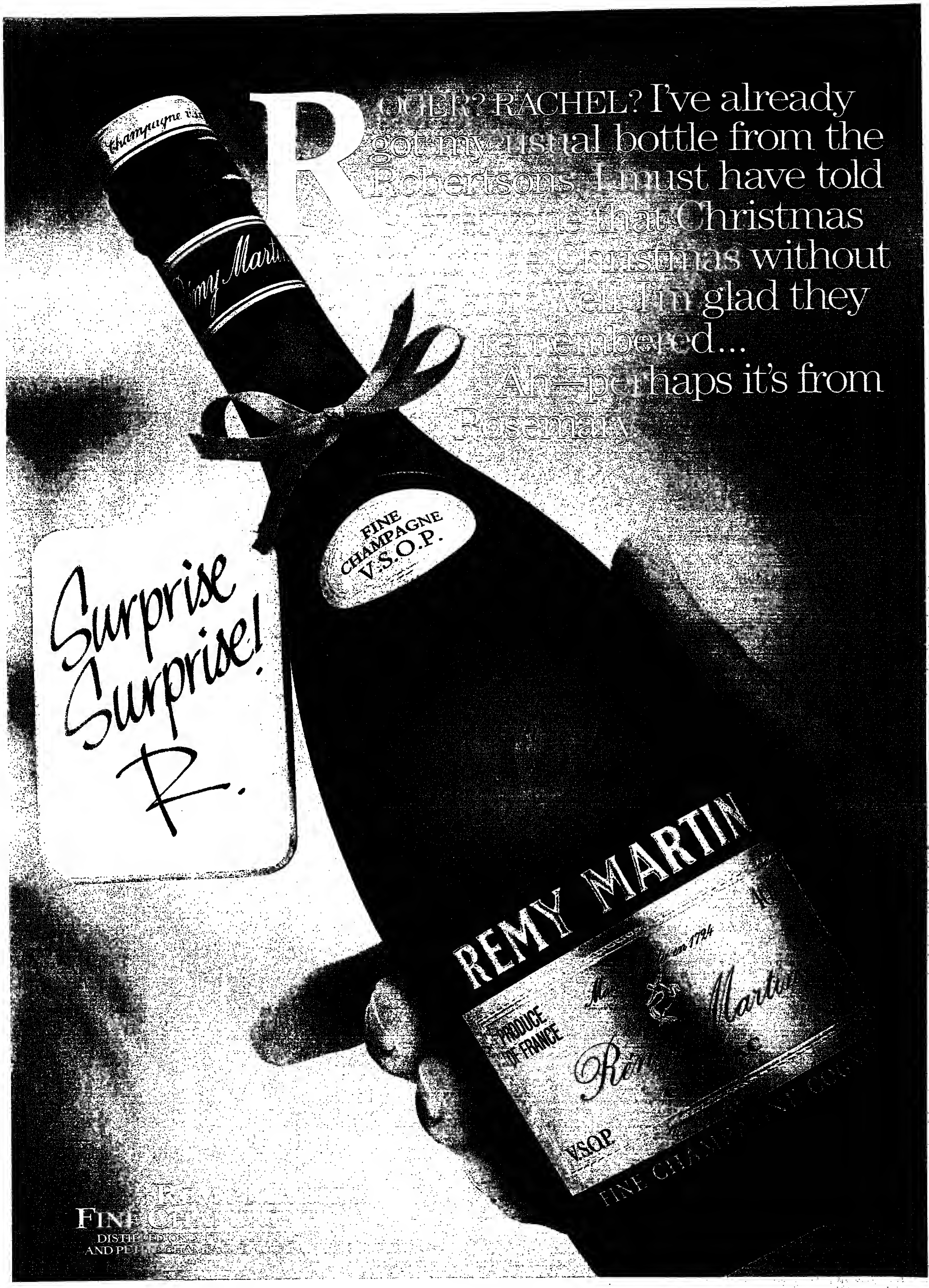
LOCAL-AUTHORITY employers yesterday offered leaders of their 1m council manual workers pay increases of 3 per cent – the lowest offer made so far in the public sector in the present wage round.

Union leaders immediately rejected the offer. The proposed increase is even lower than the 3½ per cent cash limit pay assumption the Government has set directly for its own employees in the Civil Service, but which it hopes will stand as an example in the rest of the public services.

Employers stressed that they were not bound by these pay assumptions, and emphasised the serious financial position facing many local councils because of tight Whitehall control on local authority expenditure.

However, many members of the employers side were prepared to increase the offer a little, to 3½ per cent, though this was not formally disclosed yesterday after the talks with the unions ended.

Both sides agreed to reconsider the claim and to hold a further meeting next month. Mr Charlie Donnet, secretary of the trade union side, said: "It was disappointed with the offer. It is nowhere near what we expect the final settlement to be."


ROGER? RACHEL? I've already
got my usual bottle from the
Robertsons. I must have told
everyone that Christmas
Christmas without
Well, I'm glad they
remembered...
Ah—perhaps it's from
Rosemary.
Surprise Surprise!
R.
FINE CHAMPAGNE V.S.O.P.
REMY MARTIN
PRODUCE OF FRANCE
V.S.O.P.

UK NEWS

Export hopes for freight locomotive

By Hazel Duffy

BRITISH RAIL has launched a new freight locomotive with which it plans to break into the diesel locomotive export market.

The Class 58 locomotive, designed by BR and built at the Doncaster works of British Rail Engineering (BREL), has cost £3m to £3.5m to develop. It is the first locomotive wholly designed and built by BR for nearly 10 years.

BR's freight division has placed orders for 35 of the locomotives to be built between now and 1985, at a cost of about £28m. Mr Henry Sanderson, director of BR Railfreight, said yesterday he hoped to be ordering 40 to 60 of the locomotives a year by the late 1980s, but that would depend on the state of the freight business at the time.

The locomotive has been designed on a modular basis, with emphasis on ease of maintenance and flexibility so that it can be adapted to the requirements of export markets.

It is expected to become the heavy freight locomotive of the future, but BR expects to come under increasing competitive pressures from road hauliers when the new maximum lorry weight of 38 tonnes comes into operation in May of next year.

BR believes that £30m to £40m of rail freight business a year is at risk from the heavier lorry.

The new locomotive is vital to the future of BREL, which has capacity considerably in excess of current demand, particularly in wagon building.

A plan to rationalise BREL plants was put forward last summer, but it was not implemented after threats of strike action by the National Union of Railwaymen.

The basic problem of overcapacity still remains, however.

Underwriter was suspended 'to protect market'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR IAN POSGATE'S suspension as underwriter for two syndicates of Lloyd's, the London insurance market, was not a disciplinary penalty imposed for misconduct, the High Court in London was told yesterday.

Mr Peter Scott, QC for Lloyd's, said that it was instead an administrative act designed to preserve the position while allegations against Mr Posgate were clarified.

Mr Posgate has started an action in the High Court in which he has contended that the committee of Lloyd's had no power to suspend him, and that in any event it broke the rules of natural justice by reaching a decision without giving him a hearing.

Mr Scott yesterday agreed that it would have been entirely appropriate to give him a hearing, had the committee intended to make a judgment on allegations that Mr Posgate was involved in financial irregularities concerning the Alexander Howden Group.

It was not appropriate, he said, when all that the committee was doing was acting administratively to protect the market, the names and the policyholders affected until the matter could be properly investigated.

Mr Posgate was suspended last September after the Lloyd's committee sent letters to the two agencies concerned, Alexander Howden Underwriting and Posgate & Denby (Agencies), requiring them to suspend him from all underwriting activities.

Mr Scott said the letters did not express any view as to whether the allegations were true, nor did they impose any penalty on Mr Posgate, the companies or anyone else. He said it was irrelevant whether or not the committee had the power to suspend him without notice because it was the companies, and not the committee, which suspended him.

The companies were required to take certain steps. It was for them to decide whether to comply.

The committee warned that if the required steps were not taken it would, as then advised, have no alternative but to take immediate steps in relation to the companies' continuing status as Lloyd's underwriting agents.

The committee had not at that time made up its mind what it would do if the companies did not comply. Had it acted against the companies, they would have been given a proper hearing.

The boards of each company had carefully considered the matter in the light of their obligations as directors. Howden Underwriting had concluded that, at least as far as they related to Mr Posgate, the committee's requirements did not go far enough. Posgate & Denby thought that, to some extent, they went too far.

Mr Scott said that it was important that the court should fully understand the gravity of the allegations against Mr Posgate.

What was suggested was that enormous sums of money belonging to Howden syndicates had passed, first to respectable companies — mostly in the Howden group — and then to non-respectable companies not authorised to carry on insurance business.

In the early stages Southern Reinsurance was the company in the latter category, used as a receptacle for what were described as "premiums." It was later replaced by Southern International Re, which was known to be controlled by four Howden directors.

SIR had received a net $29m. In March this year its assets totalled only $1.77m.

Where the money had gone from SIR was to a considerable extent unexplained, Mr Scott said. Some had been traced to New Southern Reinsurance (NSR), a company said to be owned by Liechtenstein trusts.

The hearing continues today.

Awards given for plain nonsense

By Rosemary Burr

IRONIC AWARDS were presented yesterday to six British companies and official bodies for using "gobbledegook" language — language which is so convoluted that it is difficult for anybody to understand what is meant.

The six awards, each of a golden bull to symbolise that they were for a "load of bull," were given by the Plain English Campaign, whose competition is jointly sponsored by the independent government agency, the National Consumer Council. The three-year-old campaign is intended to discourage the use of jargon and "officialese."

One winner was the Co-operative Insurance Society, for a 102-word sentence which began: "Notwithstanding anything contained herein to the contrary..."

Thorn EMI Domestic Electrical Appliances won a bull for a letter sent to people who ordered spare parts. It read:

"Certain of the components comprising our electrical appliances have inherent characteristics the effect of which, whether before or after such components have been introduced into appliances or during such introduction, make it desirable, in the interests of safety, for the introduction of spare components into, and/or the repair of, our appliances to be carried out by a competent person."

Or, in plain English, "Only competent people should attempt to repair these appliances."

Miss Chrissie Maher, a campaign organiser, also attacked some foreign manufacturers for their standard of English on the labels of goods exported to Britain.

An Italian do-it-yourself kit for a baby's high chair, she said, had instructions which began: "Fix 4 screws type Z but screw only till half put G in H in the same time with MinI..."

Bankers face up to the investment dilemma

BY WILLIAM HALL, BANKING CORRESPONDENT

THE QUESTION of how the world's commercial banks are supposed to reconcile banking supervisors' warnings that they must behave prudently in these difficult times, with continuous official exhortatioo that they must not lose their nerve and withdraw from the international banking market, was posed yesterday at the FT World Banking Conference in London.

"I have to say I do not find this apparent contradiction very troublesome intellectually, and certainly not practically," Mr Peter Cooke, head of banking supervision at the Bank of England, said in his opening address.

"Every banker knows that there are some situations where, in order to work out a difficult situation with a customer, the balance of arguments point toward some further extension of support, even though the decision to do so may be not without some risk," he said.

"It does not appear to me to fly in the face of reasoo to suggest that new lending, often with a tinge of doubt attached to it may, on occasions, be the best way of protecting the quality of existing lending and ensuring its ultimate soundness."

Mr Cooke then went on to sound a warning to those smaller banks that were less heavily involved internationally and might be considering reducing their commitments further.

"It may be that some of these smaller banks in retrospect would have preferred not to have become involved but, as the Governor (of the Bank of England) remarked a few weeks ago, we are where we are. We have to start from here and now and not where we might like to have been." He sympathised with the smaller banks' argument that they were tempted into the big league market by big banks selling down their participations, and that they now felt out of their depth. Without the resources for analysis and assessment to back up this business, they claimed they were sensible and justified in withdrawing.

"I understand the argument, but it is only part of the story. Just as the supervisor in his judgment has to have a sense of the wider macro-economic circumstances, so I believe these smaller banks need to consider very carefully the wider picture, the broader interest of their customers, domestic and international, and the importance of allowing the system collectively to make sensible adjustments over a reasonable time scale."

All of those factors should lead these banks to recognise that there were good arguments of self-interest for staying in this business, Mr Cooke said. However, in shaping the system for the future it was important that commercial banks were not asked to do too much, and that governmeots and international agencies should take their proper share of the load.

Mr S. M. Yassukovich, managing director of European Banking Company, who chaired yesterday's session, was less optimistic about the continued participation of the smaller banks in the international banking market on the same scale as recently. He said that official warnings to stop the smaller banks pulling out had come too late.

FINANCIAL TIMES WORLD BANKING IN 1983 CONFERENCE

"We are facing a period of withdrawal for a large portion of the international banking community, which was present during the period of the Eurocurrency market's dramatic growth." He said this was because a large number of these banks had realised they had misjudged the risk reward relationship in international lending.

While agreeing with Mr Cooke's explanation of why banks should stay in tha international market place, he felt the dilemma was sharper for those smaller regional banks that did not have the multiplicity of commitment to the interoational market.

"They will be much more receptive to prudent messages from supervisors than to other official messages urging them to maintain their investment role," Mr Yassukovich said. "There is a view which I believe is proper that in the first analysis their first responsibility is to their depositors, and not to their shareholders, customers or whatever."

Mr Christopher Johnson, group economic adviser to Lloyds Bank, said that external bank credit probably increased by only 12 per cent in 1982, about half the average rate for the previous nine years. However, assuming the world economy started growing by between 2 per cent and 3 per cent in 1983, external assets could rise by up to a fifth.

But if the effects of the Mexican crisis were more lasting, or if other similar episodes followed it, then there could be a structural change in international financial behaviour leading to a long-term growth in external baok lending of nearer 10 per cent than 20 per cent. "On balance it seems possible that in the medium term, the growth rate of external bank assets may proceed at about 15 per ceot a year."

Mr David Suratgar, a director of Morgan Grenfell, said the most astounding feature of the preseot debt crisis was tha speed with which it emerged. International bodies and commercial banks had been observing the less developed countries (LDCs) from a position of "grossly inadequate information."

Information available was out of date and ofteo inaccurate. It was imperative that some form of early warning system should be put in place. "The sheer scale of outstanding debt has takeo us into uncharted territory. The debt repayment outlook for many LDCs is bleak, and without precedent, with total debt outstanding of between $500bn and $630bn."

The proportioo of short-term debt in total LDC debt is now approaching 20 per cent and Mexico alone had $25bn of loans of under a year's maturity. The Group of 30 had estimated debt rescheduling in the current year running at almost $50bn.

Existing arrangements were unlikely to prevent further major debt service traumas for more than a very short period, at best. Above all, there was need for an injection of additional liquidity. In addition, procedures had to be adopted so that the IMF, the World Bank and IDA could offer finance in meaningful amounts. Ways of reducing perceived risk were also required so that full access could once again be gained to commercial bank sources of credit.

Professor Alan Walters, economic adviser to Mrs Margaret Thatcher, the Prime Minister, outlined the impact of Conservative economics. The 1970s would be known as the decade of the debtor and people used to negative real interest rates were now finding themselves at a "very difficult corner."

They were hooked oo credit and had developed their systems to accommodate cheap credit. Suddenly it disappeared. Prof. Walters said he was not persuading anyone that there was an easy way out.

"We have just got to get round the corner, restructure our industries and reduce our wage costs per unit of output and start getting the economy to rights as it was in the halcyon days of Conservative economics in the 1950s."

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The contrast of two unions in recession

Brian Groom reports on the way Apex and ASTMS are coping with their current problems

CLIVE JENKINS and Roy Grantham could hardly be less alike. But the ebullient Welshman and the mild-mannered, moderate Brummie face an agonisingly similar problem — the impact of recession on the rival white-collar unions which they lead.

They are far from alone. Trade unions have not only had the dispiriting task of defending workers faced with redundancy, most have also suffered the financial stress of falling membership. Unemployment has cut the TUC's strength by more than a tenth.

Unions consequently face cost-cutting decisions in the management of their own affairs—including staff cuts—uncomfortably similar to those of the commercial enterprises with which they deal. Jenkins' Association of Scientific, Technical and Managerial Staffs (ASTMS) and Grantham's Association of Professional, Executive, Clerical and Computer Staff (Apex) provide vivid examples.

Apex has kept its finances in the black, but lost more than a fifth of its members. ASTMS has lost fewer in proportion, but last year suffered a deficit of nearly £1m on its income and expenditure account. Neither experience is unique. But each illustrates the hard choices to be made, and the contrasting response of competitor unions disparate in character.

Both operate in the white-collar recruitment market, where trade unionism is at its most entrepreneurial.

Witty and flamboyant, Jenkins used to thrive on his success in this cut-throat arena as self-styled organiser of the middle classes. In the white-collar boom of the late 1960s and 1970s, ASTMS grew more than sixfold to an officially claimed 491,000.

Jenkins is nothing if not spectacular, and his current difficulties have attracted as much publicity as his former successes—to the glee of rivals, who have made much of them, particularly in the hard-fought battle for managerial recruitment.

But the apocalyptic headlines have appalled Jenkins and his officials. "Our assets are very substantial. We are not going broke, and we are not panicking in any way," says Stan Davison, deputy general secretary. "We are trying to bring a few items under control which we should be doing for business sense anyway."

Better management is something a few unions could learn, though not many would like to do it in the glare of such bad publicity. ASTMS officials have found this more bruising than the cash flow problem, with which they are gradually getting to grips.

The trouble began in 1981, when it was realised that projected membership growth of 6 per cent a year had turned into a decline of the same amount. More than 80,000 members have now been lost since 1980, and the current total is officially put at a little over 400,000.

Influence

Other unions suspect that ASTMS inflates its membership for the sake of appearance and influence. Davison concedes that, like other unions, it has some 50,000 to 60,000 unemployed members still on the books but not paying subscriptions.

When the decline was identified, ASTMS was unable to move quickly enough into reverse. Savings were initiated in July 1981, including reduction of its affiliation to the TUC, selective non-replacement of staff, fewer international visits and savings on conferences, but they were not an instant solution.

By the year end, the annual deficit was £905,518 after a surplus of £449,810 in 1980. While contributions from members fell from £8.48m to £7.96m, expenditure rose from £7.96m to £8.5m, and interest charges more than doubled to £515,841. Bank loans and overdrafts were over £4m.

ASTMS was committed to capital expenditures which increased its debt burden. It had bought new headquarters in Camden, North London, for £3m (and was refurbishing them for £1.5m) before vacated properties worth up to £1.7m could be sold.

To raise immediate cash, the National Executive decided on a levy of funds from branches, which was carried out in December 1981. This however was mishandled. Some branches were levied greater sums than they possessed, there were delays in refunding them, and angry delegates at this year's annual conference tried (and failed) to force the executive's resignation.

Since then a concerted cost-cutting drive has got under way. It includes: modifying the 108 officers' inflation-linked pay deal; seeking a similar change for the 300-plus staff; asking the officers, who currently use Ford Cortinas as office cars, if they will take Escorts instead of the Cortina's replacement, the Sierra; rescheduling some debts; and introducing more detailed budgeting than has hitherto been used.

A voluntary redundancy and early retirement package is being negotiated with the officers and will probably be offered to the staff, although Davison dismisses as "rubbish" rumours that 80 will go.

The aim is to break even over five years. "All the indications are that we will do it," says Davison.

In the years when ASTMS was growing apace, Apex expanded more slowly (from 76,009 in 1966 to 152,543 in 1978), and some members wished that Grantham had a little of Jenkins's charisma. More recently, they have perhaps been glad to avoid the publicity ASTMS has attracted.

For a union faced with membership decline as steep as that of Apex, to avoid deficit is a considerable achievement and a tribute to the astute, book-keeping qualities Grantham has nurtured. "We made our calculations in 1979 and took action in 1980 to staunch the blood-letting caused by the Government," he says.

Some decisions have been painful. Whereas ASTMS is determined that its redundancies will remain voluntary, Apex has made compulsory ones — only three—but this is an embarrassing move for a union.

Heavy job losses among office staff in manufacturing, particularly engineering, have hit Apex squarely on the jaw. ASTMS has been shielded from some of the worst effects by its membership in stabler sectors, such as finance, and among senior technical staff still in demand.

Apex's membership fell from its 1978 peak of 152,543 to 122,639 by the end of last year. The rate of loss is slowing down after a 12.6 per cent decline in 1981, but the union will none the less end the current year with only 112,000 to 115,000 members.

The wonder is that Apex's rescue measures have not been more drastic. The crisis has been contained partly by allowing its annual surplus to shrink, and hoping for an economic upturn before it disappears altogether; this year's surplus is likely to be some £70,000 to £80,000, after £213,536 in 1981 and £326,218 in 1980.

Last year's contributions increased from £2.63m to £2.87m, while expenditure rose from £2.4m to £2.78m.

Falling membership and rising prices could have justified a 20 per cent to 25 per cent increase in contributions this year. But the annual conference, on the executive's advice, approved a rise of only 10 per cent — from 50p to 55p a week — because it was judged that members were receiving low wage increases.

To cope with the resulting shortfall in income, Apex has juggled its funds to make a little go a long way.

Costs have been trimmed all round, as ASTMS is now doing, and, of course, staff numbers cut, mostly by voluntary means. Whereas Apex once had 56 officials, by next year it will have 48. Office staff have come down by about 15 to 135.

But this decline has been slower than that of the membership. This illustrates an important constraint on unions; they are loth to wield the axe as freely as industry.

Apex's financial soundness in the face of heavy pressures is a triumph. But it is by no means out of the wood. The TUC is very much a numbers game. ASTMS's expansion in the 1970s has given it a strong base in spite of its financial tribulations, but Apex's haemorrhage of members causes it to be much discussed as a merger candidate.

For the moment, Grantham is right when he insists that Apex's financial prudence has averted the need to be precipitated into an unwise amalgamation. "We are not in the process of just amalgamating with anyone. Until we get the right formula we are quite capable of surviving on our own."

The leadership's favoured option is to form a confederation, and for nearly three years Apex has been in talks with the General, Municipal Boilermakers and Allied Trades Union and the Electrical and Plumbing Trades Union. The three general secretaries recently decided to continue the discussions.

Amalgamation

Grantham is pressing for a devolved structure, with each retaining its own executive and conference, but the other two are believed to favour something closer to full amalgamation. Agreement is some way off.

Apex's ability to stand alone would be strengthened if it could curb its membership loss. One strategy is to fight back by recruiting new members, which the union is doing in Rugby League, oil, electronics, computers, food, retailing and management. But that is difficult, and other unions—not least ASTMS—are fighting for their share.

Both Apex and ASTMS see signs that a membership decline in traditional areas may be slowing down, but neither is under any illusion that the period of painful readjustment is over. Grantham expects another 500,000 workers, mostly from manufacturing industry, to be unemployed by the end of 1983-84.

Aid for innovation in industry

ALL OVER the industrialised world, manufacturing companies are desperately looking for ways of replacing their declining businesses with new products. But many are caught in a double bind. The most obvious sources of ideas — a combination of market research and development effort—have all too often already been slashed back under the pressure of recession. And in any case, internal R and D seldom offers a shortcut to new product development—rather the reverse.

Short of a set of risky acquisitions—or maybe as a valuable complement to them—the only option is to license someone else's ready-made products, or at least their well-developed technology. In other words, follow the lead of the Japanese, and to some extent the Germans. More and more U.S. and British companies, who used to rely proudly just on their internal R and D, are trying to du just that.

The trouble is, few of them know how to go about it. And of those that do, almost all find the process painfully slow. John Goddard, a former ICI executive who has spent the past two decades as a technology transfer specialist, says most companies take a year just to find out what is involved in locating new products. They then write to a batch of individual companies, particularly in America, to find out whether there are any suitable developments they could license. At the end of a further year they have still generally failed to produce any projects of value.

In the company of three equally experienced and ambitious colleagues, Goddard is setting out to change all that, and in the process take on a task which many people, including a British Cabinet advisory committee, have argued—but to no avail—is a government responsibility.

By establishing a Centre for Innovation in Industry* which will offer a wide range of information and advisory services, Goddard and Co (in the form of Bingham Dore, Brian Locke and Leonard Cotterell) aim: to help companies in Britain, whether large, medium or small, to speed the time-scale up to just six months; to take much of the slog out of the search; and—most important—to end up with at least one viable and promising project.

The CII, as they have inevitably dubbed their brainchild, will also offer contacts and assistance for the rest of the innovation process: R and D itself, patenting, design, engineering development and marketing. At the CII's core will be its own directory and databank, plus access to two others: the British Ideas and Resource Exchange (Irex), and the U.S.-based Dvorkovitz network, which claims to be the world's largest databank of licensable opportunities.

The new venture has already received promises of financial backing from Prutec, the technology financing arm of Prudential Assurance, and Gray Dawes, the Inchcape Group's merchant bank. Their injection of £25,000 each is conditional on CII attracting at least 70 sponsoring member organisations from the 1,000-plus leading British companies whose chairmen or chief executives are now in the process of being approached.

Catalyst

Even before the launch got under way—requesting £1,500 from each sponsoring member organisation over four years—three companies had agreed to join: Shell UK, Albright and Wilson, and Associated Octel.

Provided enough of the 1,200 companies agree with Prutec's chief executive, Dr Derek Allam, that CII can play a valuable role as "a catalyst in the innovation process," the organisation will then go on to recruit several hundred ordinary members by the end of next year. Annual subscription rates will be of the order of £250 for medium-sized companies and £100 for small firms, with large organisations paying rather more.

Fees for some of CII's specific services—but by no means all—will be levied in addition, including a discount on access to the Dvorkovitz databank.

*Centre for Innovation in Industry, the London Science Centre, 18 Adam Street, London WC2H 6AH. Tel: 01-930 3258/839 4901.

Christopher Lorenz

The burglar alarm business: when crime can pay

By Dominic Lawson

IF CRIME is ona of Britain's few remalning growtb industries, crime prevention seems likely to follow the same upward trend. The manufacture, distribution and installation of intruder alarms, especially for the housebold market, is a sector in which many companies appear to be doing well—even in the depths of the recession.

The intruder alarm sector is estimoted to hove doubled in aize over the past five yeors to reach an annual turnover of more than £100m (althougb on an inflation-adjusted basis the growth is less dramatic). At the same time it bas steadily increased its share of the total security market. To sustoin this growth the alarm companies have been increasingly turning their attention to the residential market.

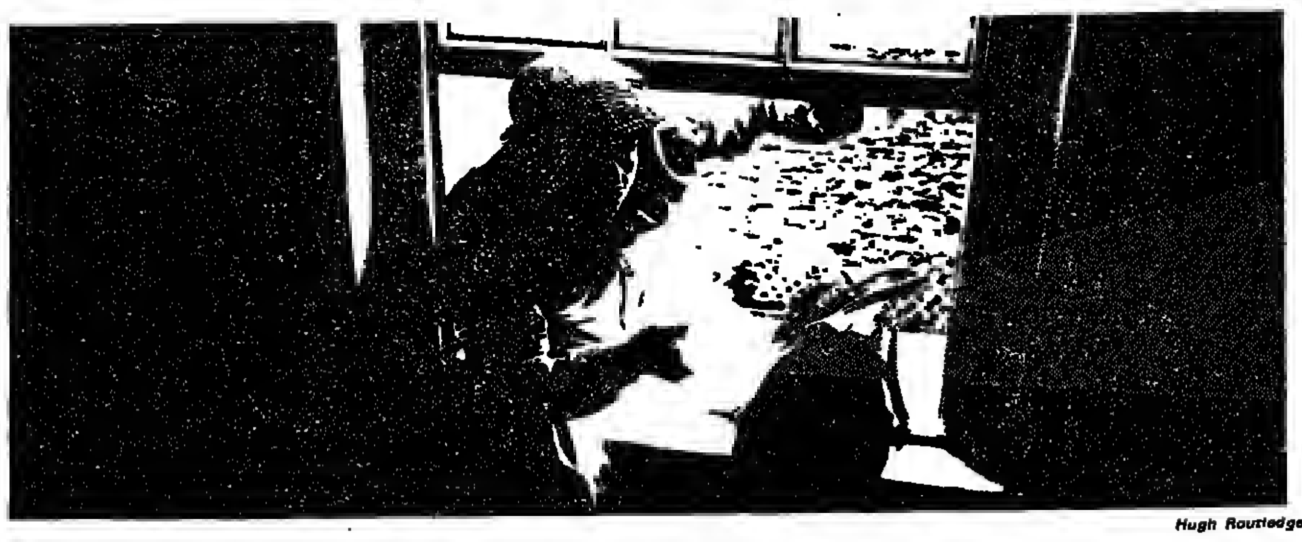
High risk areas such as banks and jewellers are very mature markets, while other commercial premiaea are olso well-dereloped territory. But only about 500,000 British bouseholds ore protected by any form of alarm.

According to Mr Bob Tyley, of Automated Security, one of the market leaders, "the growth is all on the residential side of the business. The commercial end of tbe market is very flat." Mr Gerry McNamara, chairman of A & G Security Electronics, says: "A few years ago about 10 per cent of our installations were residential. Now the figure is around 70 per cent."

The stock market is baving something of a love affair with the alarm companies. Chubb and Securicor—whose interests range over the whole security systems field—have long been quoted companies. But the past few yeors have seen the arrival of companies solely manufacturing intruder alorms. These include: Automated Security, Security Centres, Security Tag, and A & G Security Electronics, whose shares are among the most highly valued in the electrical sector.

Automated Security bas seen its profits grow at an annual compound rate of 36 per cent over the past five years as it bas expanded its share of the intruder alarm market to an estimated 15 per cent. According to Jordans, the market researcb organisation, this makes it joint market leader with Chubb, wbose ahare is believed to bave fallen from the 20 per cent held in 1976. Jordans reckons that Securicor is in third ploce with an estimated 11 per cent sbare.

Jordans stresses the "competitiva nature of a growing market in which no company is dominant." Although this haa encouraged a number of major new entrants, two recent examples—Rentokil and Doulton Glass Industries—have pulled out only this year.



Hugh Routledge

Mr Robert Brown, Doulton's managing director, views the experience as "an interesting experiment — wbich we never want to repeat."

But there are many other companies keen to join the battle. Brigadler Alan Needham, director-general of the industry's regulatory authority, the National Supervisory *Council* for *Intruder* Alarms, says: "I get lots of queries from market researcbers — people are queuing up to buy their way in."

RMC—formerly Ready-Mixed Concrete — bas diversified recently into the alarm business — its first venture into the electronics field. "We see the area of security alarms as a profitoble growth area. I wouldn't like to guess bow many security companies we bave acquired in the past couple of years," says *Mr Harvey* Taylor, a *senior* executive at RMC.

Brig Needbam says that alarm installations by his council'a members — the industry's most estoblished companies — bave been growing at around 8 per cent in volume terms this year compared with 1981.

Nevertheless, the expansion is nowbere near *keeping* up with tha rising rate of burglaries. For example, last year council members' installations—at 34,000 — showed no growth compared to 1980. Yet this was a year in which thefts from homes cost insurance companies £100.7m, compared with £75.6m in 1980 and £48.8m in 1979, according to the Britisb *Insurance* Association.

The association says that the cost of thefts from commercial premises increased by 32 per cent *to £34.8m* in 1981, a rise similar to the previous year. The burglary business is even bigger than these figures suggest, since 48 per cent of all bousehold properties are uninsured and thefts from them do not get into the BIA statistics.

Police records sbow that over the past five years burglary showed the fastest growth rate of all crimes.

Why, then, bas the alorm business not been growing even more rapldiy? A major influence may be the attitude of the *insurance companies* — none of the major ones gives discounts on premiums to those customers who fit burglar alarms.

Mr Roger Prideaux, a spokesman for Royal Insurance, says: "Nobody reduces premiums because alarms don't prevent crime. It doesn't make a difference to a "pro." Whot are required are decent mortice *locks* and *common* sense."

Mr Prideaux says that the real growth in burglaries bas been "at the lower end of tha market"—precisely tbe area wbere alarms are unlikely to be found. "The average cost of a borglary bas been going down. It'a now around £200.

Whicb magazine reckona that wben devices do go off around 98 per cent of their alarms are false. The police will only say that the figure is "over 85 per cent." They are clearly sceptical of the merits of burglar alarms. Chief Inspector Tom Brooks, deputy head of the crime prevention section at New Scotland Yard, insists that "alarms don't stop anyone breaking in. Only physical security can prevent that. False alarms are a major problem. We operate a black list. Firms whose alarms continually go off are contacted, and if the problem persists, we simply won't respond to the alarm."

There are those in the intruder alarm industry who are growing increasingly concerned at one of the ways the market is developing. "It's been turned into a hard sell business," says Ms Sian King, UK sales manager of Songuard. "It's becoming a bit like double glazing, with the *same kind of stories of poor* old grannies being parted from their life savings. Some people are buying domestic alarm systems for literally thousands of pounds. There's no atandard—you can pay anything."

According to Ms King, whose company sells battery-operated alarms for £65, some of the industry's salesmen are odept at *selling* expensive and relatively nntested electronic systems. Then, says Ms King, "the installer comes along, bites his tongue, and thinks "I hope this works."

Given all these problems, wby doesn't the domestic consumer buy an empty alarm box, stick it on the front of the bouse, and rely on its effects aa a deterrent? The answer seems to be that for all those who say this is a cbeap deterrent against the "casnal" thief, an equal number believe that it is quite an efficient way of attracting the professional burglar.

APPOINTMENTS

Laing Properties reorganisation

On January 1 LAING PROPERTIES will bring its UK development and property management octivities together into three operating divisions. Mr Geoffrey Glover, a member of the board of Laing Properties, has been appointed director of the retail division; Mr Stanley Carter, director of the offices division; and Mr John Lamb, director of the industrial division. At the same time, the corporate planning *function is to* be combined with the central marketing service. Mr Philip Poulsom bas been oppointed director of planning and marketing. Tha duties of Mr Howard Wright, commercial director of the Bull Ring shopping centre, have been extended to cover the Blackburn sbopping centre.

*

CO-OPERATIVE WHOLESALE SOCIETY has establisbed a fifth trading division alongside its food, non-food, retail and finance *divisions.* To be *known as* the development division, it will incorporata the CWS estate and property group, supplies and services (engineering and shopfitting) and architecture and interior design groops. In addition, the division will include the stationery and packaging group and CWS central laboratories. To head the division as development controller, the Society bas promoted Mr David Lacey, who joined the CWS in 1979 as general manager of stationery and packaging group, from Pilkington'a Tiles, tha Thomas Tilling subsidiary of which ba had been managing director. Prior to that Mr Lacey was managing director of subsidiaries of Spicers.

Mr *David* Lacey, controller for the CWS development division.

*

Dr Peter Watson has been appointed general manager—product development for tha GKN Group and *chief executive* of GKN TECHNOLOGY which operates GKN's group technological centre at Wolverbampton. Dr Watson was previously director of product engineering with GKN Technology.

*

Mr R. G. Bricknell has been appointed managing director of POSITIVE INFINITELY VARIABLE (TRANSMISSIONS), Croydon. He will take over on January 1 from Mr Walter Jackson wbo is retiring.

*

Mr Geoffrey Keeys has been appointed director of group personnel for CHUBB AND SON.

*

Mr R. J. Saw bas been appointed managing director of EGM SOLDERS. Mr Saw, formerly executive director of Kawecki-Billiton (UK) replaces Dr J. R. Lay wbo is shortly to take up a new appointment elsewhere within the Billiton group.

*

Mr Roger Johnson, previously finance director of BSC (In*dustry) and appointed to* tha Financial Institutions Group, has joined EUROFI (UK) as associate director.

*

BIRKIN AND CO. is making Mr F. D. Attenborough, joint managing director, sole managing director and chief executive on January 10. Mr W. A. Tunnicliffe, chairman, will relinqnisb the role of joint managing director but will continue as executive chairman.

*

Mr Ian Thomas, chief executive of Odhams (Watford) until its sale last week to The British Printing and Communications Corporation, is to join IPC BUSINESS PRESS on January 4. Mr Thomas will become a director with *board* responsibility for the management services division, which includes Computer Data Processing, Computaprint, Compntaprint Data Services and ABC Travel Guides.

*

Mr Brian Kinnish, group chief property manager, who bas been with the company since 1962, has been elected to the board of GREENALL WHITLEY from March 31.

RACING

BY DOMINIC WIGAN

THE DICKINSON chasers Silver Buck and Bregawn are beginning to dominate the betting on the Cheltenham Gold Cup and only an emphatic display by Brown Chamberlin in today's three mile one furlong Prestbury Park Chase will dispel the belief that the Harewood pair are going to dominate the 1983 Gold Cup.

Brown Ghamberlin, who *has* drifted a couple of points in the Gold Cup betting since making a bash of the last fence in Ascot's H. and T. Walker Goddess Chase, wben travelling better than any, should have no problems today.

Likely to be seen in a more cautious mood following that out-of-character blunder at *Ascot, Brown Chamberlin* will outclass bis seven rivals, barring a fall, even if his jumping is exaggerated or over-deliberate.

I expect to see Winter'a most exciting chasing prospect since the days of Killiney and Lanzarote getting back on the winning trail over the longest trip he bas tackled to date at the expense of Megan's Boy.

Thirty-five minutes before the big chase, 20 burdlers of widely differing ability will be trying to sort themselves out in the three-mile Coral Golden Hurdle qualifying race. Top weight, Farmer always runs well here and will be a popular choice after his victory in the Nicolet Instruments Handicap ot the last meeting, and will go well without, perhaps, proving good enough to give weight to either Rising Falcon or Coxmoore Knitwear.

Rising Falcon proved more than a match for Another Deed over an inadequate 2¾-mile trip at Wincanton on November 25; while Coxmoore Knitwear was earmarked as a certain future winner of a distance of three miles or further wben seen running on *best of all* in the closing stages of a recent 2¾-mile race at Haydock.

Although ba is held by Skewsby on that running, Coxmoore Knitwear (well beaten in the Nicolet Instruments event) will almost certainly be able to reverse the placings over this course and distance.

CHELTENHAM

12.30—Combe Hill
1.05—Coxmoore Knitwear***
1.40—Brown Chamberlin**
2.15—Stormly Spring
2.50—Walnot Wonder*
3.25—Noble Heir

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
10	11	12	13	14	15	16

Music

LONDON

Philharmonia Orchestra with the Choir of King's College, Cambridge, conducted by Stephen Cleobury singing carols in a mixed programme including excerpts from the Nutcracker Ballet by Tchaikovsky and Vaughan Williams' Hodie – the last two conducted by Philip Ledger. Royal Festival Hall (Mon). (928 3191)

Barclays Bank Musical Society Choir and Orchestra conducted by Michael Teychenne singing carols and playing Walton's Facade and Sibelius' Finlandia. Elizabeth Hall (Mon). (928 3191)

Ernst Kovacic (violin) playing Bach, Stravinsky, Bartok and the first London performance of Robin Holloway's Sonata. Wigmore Hall (Mon). (935 2141)

London Philharmonic Orchestra, conducted by Sir Georg Solti with Anne-Sophie Mutter (violin) playing Bartok, Bruch's Violin Concerto No 1 and Dvorak. Royal Festival Hall (Tue). (928 3191)

Tokyo String Quartet playing Mozart, Berg and Schubert. Elizabeth Hall (Tue). (928 3191)

Philharmonia Orchestra with the Choristers of Westminster Cathedral introduced by Richard Baker are holding a Christmas concert of carols and music by Bach, Elgar, Humperdinck, Prokofiev, Tchaikovsky and Vivaldi. Barbican Hall (Tue). (638 8891)

Royal Philharmonic Orchestra and the Brighton Festival Chorus conducted by Antal Dorati are holding a Kodaly Centennial concert including the Te Deum and the Hary Janos Concert Suite. Royal Festival Hall (Wed)

The Birth of Jesus: a Nativity play by Barbara Sidmouth and Timothy Baxter with instrumentalists from the Royal Academy of Music and solo singers from the London music schools with contemporary music and dancing. Elizabeth Hall (Wed)

Chris Barber and his Jazz and Blues Band: Barbican Hall (Wed)

London Symphony Orchestra with John Williams: Stravinsky's Petrushka, Ravel's Bolero and Ponces Guitar Concerto. Royal Festival Hall (Thur)

PARIS

Nadine Denize, Tibere Raffalli, tenor: Scarlatti, Handel, Purcell, Verdi, Ravel. (Mon 6.30 pm). Orchestre Colonne conducted by Maurizio Arena with Raina Kabaivanska, soprano: French, Russian and Italian operatic arias (Mon 8.30 pm). Both concerts at TMP-Chatelet. (261 1983)

Annick Roussin, violin, Nathalie Bera Tagrioe, piano: Debussy, Tchaikovsky, Prokofiev (Mon) Salle Gaveau. (563 2030)

Janet Baker recital, Geoffrey Parsons, piano: Gluck, Lulli, Brahms, Mahler, Gounod (Moo) Théâtre de l'Athenée. (742 6727)

Françoise Ballet recital: Schumann, Liszt (Wed) Salle Gaveau. (563 2030)

Orchestre de Paris conducted by Jean Fournet with Ileana Cotrubas: Roussel, Ravel, Enesco (Wed, Thur). Salle Pleyel. (563 0796)

François-René Duchable recital: Scarlatti, Schumann, Chopin (Thur). Theatre des Champs Elysees. (723 4777)

VIENNA

Konzerthaus: Haydn Trio; works by Haydn, Kodaly and Brahms (Mon). (721 211)

Musikverein: Orf Symphony Orchestra, Arnold Schönberg Choir – conductor Ivan Fischer, soloists Edith Mathis, Anthony Rolfe-Johnson, Robert Holl: Haydn's The Seasons (Fri). Vienna Philharmonia conducted by Kleiber playing Weber, Schubert, and Beethoven (Sat, Sun 11 am). Deutsche Bach Soloists in an Advent concert playing works by Bach (Tue). Vienna String Quartet playing Beethoven, Szymanowski and Mozart (Wed). (658 190)

WEST GERMANY

Hamburg Opera: Lieder recital with Lucia Popp accompanied at the piano by Geoffrey Parsons with Brahms, Mahler, Dvorak and Kodaly (Fri).

Berlin Philharmonie: Berlin Philharmonic orchestra conducted by Gary Bertini offers Bach, Stravinsky and Zimmerman. Soloists are Rüdiger Wohlers, Siegmund Nimsgern, Hanna Schwarz, Barry McDaniel and Edith Mathis (Tues)

ITALY

Rome, Auditorium Via della Conciliazion: music by Mozart and Mahler (Sun, Mon, Tue)

Rome, Auditorium Teatro Olimpico: pianist Jorge Bolet plays Liszt (Wed).

NEW YORK

Carnegie Hall: Orpheus, Richard Goode pianist, Corelli, Mozart, Ravel, Schoenberg (Mon). (247 7459)

Carnegie Recital Hall (7th Av & 57th St): American Brass Quintet, Robert Spillman pianist. Guami/Chilese, Lawes/Coperario, Gabaye, Simon, Reynolds (Mon). (247 7459)

Avery Fisher Hall: New York Philharmonic, Erich Leinsdorf conducting with New York Choral Artists. Bach Mass in B Minor (Tue). Musica Sacra, Richard Westenburg conducting orchestra and chorus, Handel's Messiah (Wed). New York Philharmonic, Erich Leinsdorf conducting, Emanuel Ax piano. Kodaly, Liszt, Bartok (Thur). (874 2424)

Alice Tully Hall: The Chamber Music Society of Lincoln Center. Beethoven, Debussy, Franck (Mon, Tue). (362 1911)

92nd Street Y (1395 Lexington). Chamber Music Group, Jaime Laredo artistic director. Mozart, Beethoven, Schubert (Tue, Wed). (427 4410)

Opera and Ballet

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): First seasonal performance of Il Travatore joins repertory performances of "Parade," the Met's ballet opera sequence of Satie, Poulenc and Ravel, as well as Tannhäuser, Lucia di Lammermoor, and Macbeth. (580 9830)

New York City Ballet (New York State Theater, Lincoln Center): The annual month-long programme of the Nutcracker occupies the Christmas season. (870 5570)

Joyce Theatre (175 8th Ave.): The Jose Limon Dance Troupe's new season includes the complete Missa Brevis in its mixed repertoire. (242 0800)

The Dutch National Ballet (Brooklyn Academy of Music): The company makes its United States debut with Phyrrhic Dances, Dialogues, Sarcasms, and Five Short Stories from its repertoire. (636 4100)

Alvin Ailey Dance Company (City Centre, 131 W. 55th): The season continues with its two world premieres, New Beatty and New Ailey, in its month-long mixed programme. (246 8989)

WASHINGTON

Washington Opera (Terrace Theater, Kennedy Center): The Turn of the Screw and La Cenerentola. (254 3670)

LONDON

Royal Opera, Covent Garden: Semele and The Rake's Progress form the week's repertory, an excellent juxtaposition of Handel's 18th century masterpiece and Stravinsky's 20th century neoclassical one. Neither Royal Opera production is faultless – John Copley's of Handel dips regularly into kitsch and frippery farce, Elijah Moshinsky's of Stravinsky complicates with spectator-nudging devices the clean, elegent lines of the Auden-Kalman libretto. But both deserve a visit nonetheless, notably for Valeria Mastersen's exquisite Semele and Helen Donath's admirably pure-voiced Ann Trulove, worthy heroines of each opera.

English National Opera, Coliseum: Le Grand Macabre, Ligeti's surrealist farce, continues in repertory; La Bohème (revived this time for the intense and deeply touching heroine of Josephine Barstow) and The Italian Girl in Algiers provide more conventional, if not necessarily more pleasurable, operatic fare.

Royal Opera House, Covent Garden: There is just one ballet performance – a triple bill programme by the Royal Ballet on Wednesday.

Sadler's Wells, Rosebery Avenue: Wayne Sleep and his troupe, Dash, appear with the sort of energetic fun that delights audiences. Matinees on Saturday and Thursday.

PARIS

Ballet National de Marseille, Roland Petit. Theatre des Champs Elysees (723 4777)

Paris Opera: a new production of Verdi's Falstaff conducted by Seiji Ozawa, Opera-Palais-Garnier (742 5750)

Tales of Hoffmann, conducted by Claude Schnitzler, produced by Jean-Pierre Ponnelle with Neil Shicoff in the title role. Opera Comique, Salle Favart (296 1220).

Valerie Masterson as Semele at the Royal Opera, London

ITALY

Rome, Opera House (436 641): Rossini's Semiramide, (Sun, Wed).

Milan, La Scala (809 126): Verdi's Ernani conducted by Riccardo Muti, (Sat, Tue).

VIENNA

Staatsoper (5324/2655): Tosca, Don Pasquale, Picque Dame, Salome and Die Zauberfloete. Tuesday is the first night of the revival of the original 1973 production of Schoenberg's opera Moses und Aron; the title roles will be sung by Wolfgang Neumann and Franz Mazura, conducted by Christoph von Dohnanyi, produced by Goetz Friedrich with costumes and scenery designed by Rudolf Heinrich.

Volksoper (5324/2657): Kiss me Kate, Die Zauberfloete, Hänsel und Gretel, Pariser Leben in repertory.

WEST GERMANY

Berlin Deutsche Oper: Haensel und Gretel, procuded by Philippe Sanjust. Carmen with Hanna Schwarz in the title role. Also this week Der Barbier von Sevilla, and The Magic Flute featuring Sylvia Greenberg as Queen of the Night. La Boheme with an all Italian cast rounds off the programme.

Hamburg Staatsoper: this week's highlight is Othello with Margaret Price as Desdemona and Wladimir Atlantow in the title role. Der Barbier von Sevilla with an all-Italian cast including Alicia Nafe and Guiseppe Taddei.

Frankfurt Opera: the week starts with Cav and Pag with Paula Page and Chico Bonet, conducted by the young American conductor Judith Somoghi. Tosca with Luis Lima and Marily Zschau. Un Ballo in Maschera, Luis Lima and Mara Zampieri. Madame Butterfly with June Card in the title role closes the week.

Theatre

LONDON

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

Other Places (Cottesloe): Triple Bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (928 2252).

Andy Capp (Aldwych): Good British musical starring Tom Courtenay based on the syndicated cartoon character with an ingeniously nostalgic score by Alan Price who also participates from the keyboard. (836 6404).

Noises Off (Savoy): Michael Frayn's backstage comedy is still the funniest play in London, owing small debts to Rattigan's Harlequinade and Pirandello's Six Characters. Brilliantly directed by Michael Blakemore. (836 8888)

Poppy (Barbican): RSC extravaganza by Peter Nichols and Monty Norman that views the Opium wars as pastiche Victorian pantomime. Spectacular costumes and inventive deployment of the new theatre's considerable technical resources are a feature of Terry Hands's production. (628 8795).

Trafford Tanzi (Mermaid): Exuberant play that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (236 5568)

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this strenuously arthritic camping about really preferable to the prim stasis of the D'Oyly Carte tradition? (836 8108).

84 Charing Cross Road (Ambassadors): Moving, unspectacular account of the love affair by correspondence between a New York Anglophile, Helene Hanff, and the owner of a West End bookshop. (836 1171)

Guys and Dolls (Olivier). A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (928 2252)

NEW YORK

Amadeus (Broadhurst): Frank Langella stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Crimes of the Heart (Golden): Despite its genial humour, outlandish events and Pulitzer Prize, Beth Henley's story of three Mississippi sisters boils down to a sitcom sensibility full of gags, good acting and frequent phone interruptions. (246 8740)

Master Harold . . . and the Boys (Lyceum): Tony-award-winner Zakes Mokae leads the cast of three in Athol Fugard's latest look at apartheid in South Africa, where, in a Port Elizabeth tearoom in 1950, a white teenager turns against the two black servants who have been his only friends. (532 3897)

Present Laughter (Circle in the Square): George C. Scott proves that with the right wardrobe of dressing gowns, he can capture the essence of impresario Garry Essendine, including directing an excellent supporting cast. (581 0720)

Geniuses (Fairbanks): Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting Apocalypse Now to parody the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhoon. (432 W. 43nd). (279 4200)

Nine (46th St): Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this $4.5m re-creation of the London hit.

Plenty (Public): Kate Nelligan stars again in the New York production of the David Hare written and directed play about Europe's transition from war to peace over the last generation. (598 7100)

Good (Booth): How Halder became a Nazi, in this London import starring Alan Howard and directed by Howard Davies, is eloquent, stylish in set and overlapping scenes, but ultimately convincing for the rather undramatic and prosaic reason that Halder was sought after and treated well. No moral tale there. (239 6200)

WASHINGTON

Cymbeline (Arena Stage): Shakespeare's late fairytale brings Imogen into the round for her lavish adventure in star-crossed love. (488 3300)

Outrageous (Eisenhower, Kennedy Center): Edwin Sherin directs Peter Evans starring in Henry Denker's topical drama of revenge on criminals whom American courts seem to allow to get away with murder. (254 3670)

CHICAGO

A Christmas Carol (Goodman). As traditions go, this is a newcomer, being only its fifth season but William J. Norris has been Scrooge from the beginning of Tony Mockus's production, which also boasts award-winning set and costumes by Joseph Nieminski and James Edmund Brady. (433 3800)

Exhibitions

WEST GERMANY

Frankfurt, Städtisches Kunstinstitut, 63 Schaumainkai: Harvard University has loaned its collection of German twentieth century art from its Busch Reisinger Museum, chiefly works from the 1920s and 30s. Ends Jan 10.

Berlin, Martin-Gropius-Bau, 110 Stresemannstraße: International trends in contemporary art are represented through about 50 artists. Their 250 paintings, sculptures and environments highlight the feeling, the consciousness and subconscious tendencies at the beginning of the 1980s. Ends Jan 16.

Cologne, Kunstverein: Josef Haubrich Hof: Sculpture, pictures, environments and photographs by 16 young prizewinners at recent contests staged by private sponsors of the arts. Ends Jan 9.

Stuttgart, Staatsgalerie, Konrad Adenauer Strasse: Late 16th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

Hamburg, Kunstverein, 1 Glockengiesserwall: More than 200 works by 13 contemporary East German artists offer a comprehensive survey of today's artistic scene in the other Germany. Ends Jan 9.

Duisburg, Lehmbruck Museum, 512 Düsseldorfer Strasse: In response to the German Lehmbruck show in Moscow, the Duisburg Museum is exhibiting roughly 400 works by Alexander Rodzenkow and Varvara Stepanova, the Russian constructivists. It is the first comprehensive retrospective by the two who are among the most important artistic figures of the 1920s and 1930s. Most of the paintings are on loan from Soviet Museums and the Moscow collection of the Rodzenkov family. Ends Jan 2.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: Oil paintings and drawings from between 1912 and 1936 by Giorgio de Chirico, the Italian artist. Ends Jan 30.

NEW YORK

Metropolitan Museum of Art: The Search For Alexander arrives at its final destination before being returned to Greece with its display of 180 works of Greek art from the 4th to the 2nd centuries B.C. Ends Jan 3. (535 7100)

Guggenheim Museum: Selections from Peggy Guggenheim's Venice collection will be displayed for the first time in New York, including works by Braque, Chagall, de Chirico, Picasso, Mondrian and Duchamp. Ends March 13. A retrospective of Yves Klein includes 100 paintings and sculptures and personal letters and photos. Ends Jan 9. (860 1300)

WASHINGTON

National Gallery: For the 300th anniversary of his death, Claude Lorrain is given a comprehensive show featuring the landscape artist's paintings, etchings, and drawings. Ends Jan 2. George Bellow's paintings of boxing and prize fights comprise an exhibit for the artist's 100th anniversary. Ends Jan 2. Sixteenth century Italian maiolica from the Widener and Arthur M. Sackler collections is shown in its various forms as tin-glazed earthenware decoration for ceremonial objects as well as functional dishes, plates and pharmacy jars. Ends Jan 2. (737 4215).

Hirshhorn Museum: Sculpture, paintings, and drawings by David Smith make up the most comprehensive survey of his prolific work. Ends Jan 2. (357 2700).

CHICAGO

Museum of Contemporary Art: The first American retrospective of Polish sculptress Magdalena Abakanowicz features her fibre installations. Ends Jan 2. (280 2660).

LONDON

National Portrait Gallery: The Imperial Tobacco Portrait Award is one of the most imaginative examples of sponsorship of the visual arts in recent years. The prize is £6,000, with a further £1,000 for a commissioned portrait from the winner, for a recent portrait by any painter under 40. This year the winner is Humphrey Ocean, a sometime defector to pop music, specifically to Ian Dury and the Blockheads, but always an artist. His winning painting, and those of another 51 finalists make up the exhibition. Ends Jan 23.

VIENNA

Kunsthistorisches Museum: Stones of the Pharoes. An exhibition of works of art starting from pre-historic days, using a wide variety of materials from precious and semi-precious stones to various types of stone. Geologists have brought together 1000 varieties of stone from 400 quaries in Egypt to identify the source of materials used as long as 2500 years ago. Samples of rock are displayed alongside the statue or similar work of art. Ends Jan 23.

Künstlerhaus: 'Gods, Spirits and Offerings' – works of art from the Lindenmuseum in Stuttgart.

Historisches Museum: Oskar Kokoschka; the early years Ends Jan 30.

ITALY

Rome, Campodiglio: Art Treasures from the Kremlin. Ends Jan 1.

Rome, Campidoglio: An exhibition of 12 paintings and six drawings by Andy Warhol inspired by de Chirico. Ends Jan 31.

Rome, Museo del Risorgimento, Piazza Venezia: Garibaldi: Art and history. Ends Dec 31.

Milan, Museo di Milano, Via Sant Andrea 6: Jewellery and an ivory doll found in 1889 in the tomb of a Roman girl who lived in the second century A.D. The 23cm high doll is the world's oldest doll. Ends Dec 31.

Milan, Castello Sforzesco: Engravings from the Leonardo and Bramante Schools. Ends Jan 31.

Florence, Palazzo Vecchio: Methods and techniques of restauration including the restored Primavera by Botticelli. Ends Jan 8.

Florence, Uffizi Gallery: Renaissance drawings from Perugino to Raffaello: 20th Century Self Portraits. Both end Dec 31.

Cinema/Nigel Andrews

Tidings of comfort and joy

E.T., directed by S. Spielberg
Here, directed by Barney Platt-Mills
Russ Meyer Season

Heroes of ET: Henry Thomas as Elliott and the visitor from Outer Space

Annunciation in middle America. Epiphany in Suburbia. Crucifixion by military science. Resurrection by love and faith. The first coming of "ET," that friendly interstellar biped with the daunting digits and telescope neck and tortoise complexion, has seized imaginations worldwide almost as if it were the Second Coming of JC. Which, culturally deeded, I strongly suspect that it is.

Steven Spielberg cast himself as Planet Earth's intergalactic peacemaker in *Close Encounters of the Third Kind*: where giant airborn Waldorf Astorias dipped to Earth like friendly swallows to pluck up worldly passangers wishing to ogle the sights of Space and be ogled by the amicable aliens (who looked like Kubrick's star-child given the gift of ambulation). Childlike wonder and religious awe were spread before us in equal measure, like a two-tone carpet of dazzling liturgical light.

ET purveys the same massage in more lyrically individualised and triumphantly comical form. One family. One space visitor. And if you tried to shake hands with ET, you'd have the shock of your life. His bony digits are twice the length of yours and his index finger lights up like a red Christmas bulb. Meanwhile folds of grey-brown tortoise-skin surround two eyes round and bright as fried eggs. And an ancestral plainsong voice, resembling your great aunt's the week she had laryngitis, croaks immemorially forth, "Phone h-o-m-e!"

Spielberg has re-baptised American suburbia in a mystery wash of velvety chiaroscuro, deliciously lopsided comedy and rich childhood ritual. The opening scene of mushroom-gathering midget aliens dimly silhouetted in a *sylvan glade* is in the key of D for Disney. But it's vintage Disney, not the Sweetex substituta that has thrived since Walt's death. So is the enchanted, mist-sleeped studio exterior where bug-eyed 12-year-old suburbanite Elliott (Henry Thomas) first scents something strange by having his baseball thrown back from an "empty" toolshed.

What follows the stranded alien's appearance amid the human family — Mom (Dee Wallace), Elliott (note first and last letter) and brother and sister (Peter Coyote and Drew Barrymore) this an inter-terrestrial comedy of manners. And Manna. For E.T. is the gift of nourishment (spiritual) fallen from heaven on a mankind languishing on barren Mother Earth. He is the hand of hope, the olive branch from a far-flung culture. He tells us there is not only life on other distant planets but, no less important, love also.

Spielberg's tightrope-walking comedy touch — it is knockabout without being thick-eared, affectionate without being mawkish—makes E.T. perhaps the best deadpan comedy star in cinema since Buster Keaton, a clear ancestor. He is a natural butt for disaster, but he keeps bouncing back. And he can't be upended by "bumiliation."

Eagerly anthropomorphising, as children do, the unfamiliar, they insist on treating E.T. as one of themselves. He is dressed up in one scene in a wig and frock. In another he wanders the house, feet flapping and pot-belly pouting, in a dressing-gown. He is costumed in cloak and cowl for a Halloween party. And finally he starts to cue his own reflexes to theirs. He hides like a guilty six-year-old when Mom goes on the rampage. (The camera rakes past him as he plays possum in a dolls' cupboard, standing dead still, eyes wide open, between the likes of Golly, Ragedy Ann, etc). But he remains impregnably one of the blessed, one of the invulnerable.

Elliott, the child uncontaminated by adulthood, and E.T., the bug-eyed, far-from-home extraterrestrial, are soulmates, of course. And where Spielberg represents the adult world as one of stern brows and relentless, straining physicality — the stomping feet, jangling keys and jiggling torches of the NASA man as they push through the undergrowth hunting the alien — the actions of Elliott and E.T. are choreographed for graceful fun.

In one scene, the boy and his classmates are busy being asked to chloroform frogs at school prior to biology dissection. Meanwhile back home E.T. is raiding the fridge and has stumbled upon a cache of beer, which he is happily quaffing to quench curiosity as much as thirst. His tipsiness gradually communicates itself to Elliott a mile or two away, whose attempted ministrations to the frogs become blurrier and woozier by the minute.

The huge popular success of this movie — Atlas-like and almost single-handed it has supported the movie industry in America this year, as well as spawning whole shopfuls of spin-off toys and dolls — pays tribute to the fact that nothing beats a simple idea with infinite reverberations. *E.T.* knits the familial immediacy of soap opera with the magic of outer space, and creates fugal harmonies at once genuinely original, mercifully uncloying and (while the numinous two hours last and for a while after) totally credible. The film's initially lunatic premise becomes in time its own spine-strong reality.

"Death" and resurrection in suburbia: the bicycles of the E.T. rescue party taking wing as composer John Williams's string section does likewise; airborn velocipedes purring past the moon. By the last scene, as E.T. and Elliott embrace by the departing spaceship, there never was a well-earned weepy ending in cinema to match it. On E.T.'s planet three million light-years away, there won't be a dry extraterrestrial in the house.

*

What the said space-beings would make of Barney Platts-Mills's *Hero* I'm none too sure. This is a slice of wierdly costumed legend resembling a cross between Pasolini and Monty Python. Amid the hills and crags of ancient Scotland a band of Gaelic-speaking warrior-nomads pursue such everyday activities as turning fishes into servants, fighting battles, foiling evil magicians and sleeping with antique crones who metamorphose into pliant and pretty girls. It was, as you will appreciate, a world of constant flux.

Based on J. F. Campbell's "Tales of the Western Highlands," Platts-Mills's screenplay seems to have set out to poise itself delicately on the brink of *faux naïf* and then fallen head and shoulders in, with the wild receding cry of one falling down a well. Gnomic and quirky gaucherie was a quality of P-M's early films, *Bronco Bullfrog* and *Private Road*, but in those portraits of doleful pre-dole youngsters a plot which kept crying "Wherever next" was part of the existential spell. *Hero*, by contrast, is like a field exercise for members of the Dark Ages Fan Club: please arm and costume yourselves and get scenically and interestingly lost in North Argyll.

Sometimes a weird and sudden spurt of animation, like an accidental match, will scorch your attention; as a painted arrow pursues a painted bird, or a painted castle crumbles picturesquely around the characters' ears. Throughout the proceedings Gaelic is gutturally spoken, with subtitles, and aural relief is provided by a twangy, mournful-eyed minstrel who was clearly the antecedent of Bob Dylan. If you think I make the film sound more eccentric than it is, that is impossible. But, if you are armed for the bizarre it is perhaps worth a collector's eye.

*

Eschew not the Russ Meyer season at the National Film Theatre either. *Beyond The Volley of the Dolls* is a justly famed classic of high, not to say Himalayan, camp. And other ripely funny tributes to the garishness that is, was or could be Hollywood are here featured: *MudHoney*, *Vixen*, *Supervixens*, *Blacksnake* and many more.

Mahler's Ninth/Festival Hall

Max Loppert

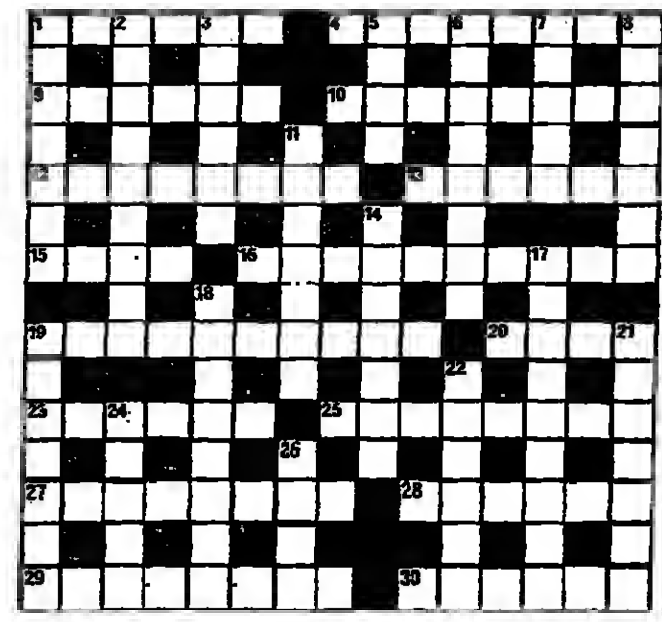
Of one of the seminal masterpieces of 20th century music and (I'm still passionately ready to argue) one of the supreme creations of the symphonic literature, Andrew Davis and the Philharmonia gave on Wednesday a rather externalised performance. It was a strong performance, vigorously played (apart from some ensemble lapses at the start of the finale), and guided by Mr Davis in a way to make certain capital of the first three movements and their boiling, searing surface. It was in the response to issues other than those tied to immediate effect that gave growing cause for dissatisfaction.

In the first movement — surely Mahler's single most concentrated, most dynamic fusion of symphonic argument and turbulent personal testament — the dynamic extremes crucial to that fusion were diminished by the orchestra's persistent unwillingness to match loud playing with really soft. Climaxes seemed not to grow organically, not to burgeon inevitably from the very first notes, but to arrive and depart to the conductor's own timetable; contrasts of nostalgic sweetness and frenzied uproar were ironed out along the way (except in solo utterances, in which the orchestra's leader, first horn, and first viola particularly distinguished themselves).

Like most modern conductors, Mr Davis denies Mahler the antiphonal separation of first and second violins, and thus the question-and-answer vitality inherent in their parts. Like too many of the breed, he allows the strings to scamp the *portamento* and *glissando* phrase-markings — now richly emotional, now pierced (in the Rondo-Burleske) with trenchant irony—that are an intrinsic element of the Mahlerian idiom.

But unlike (say) Boulez, who encourages the same failings and yet who unfolds this symphony with an inexorable and sometimes hypnotic bleak logic, Mr Davis appeared on this occasion to have nothing notably individual or specific in mind with which to make his ignorance of Mahlerian performing traditions worth attending to.

F.T. CROSSWORD PUZZLE No. 5,047



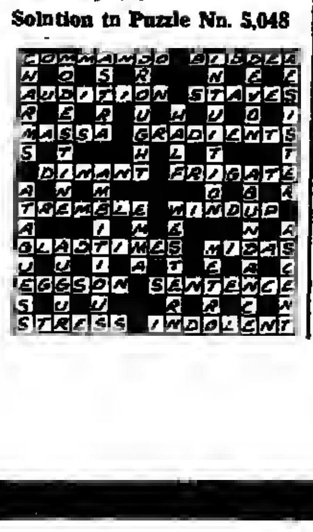
ACROSS

1 A county council ring-road grant? (6)
4 A running battle? (8)
9 They're known for insurance, in the main (6)
10 Loaded statement? (8)
12 Deposited on the shore—or on the rocks (6, 2)
13 Strange girl seen by the French window bars (6)
15 One who can't even put a washer on a faulty tap? (4)
16 Flying saucer? (4, 6)
19 Return a faulty purchase, but apologise (4, 2, 4)
20 French priest one may go to Lourdes to find (4)
23 Fair comment? (3, 3)
25 Pretty girl in red and rose (8)
27 Impressions produced by journalists (8)
28 Rush into a job for life (6)
29 Got there perhaps, but not by oneself (8)
30 New arrivals, we hear, at the docks (6)

DOWN

1 Let everyone with a ring get married (7)
2 Cuts off credit of Chinese food-raiser (9)
3 A stern guide (6)
5 A climbing French wall plant (4)
6 Being so one may react rashly with unusual ill-grace (8)
7 We are kept away from home in it (5)
8 Girl eager to make cloth (7)
11 A noted soporific (7)
14 Carried out an illegal suspension (7)
17 Exuberant farm animal that is caught in a tangled net (9)
18 Matrimonial two-timer (8)
19 An outside line to ring (7)
21 Suffers, and conclude certain changes are required (7)
22 Be up in time for the discussion (6)
24 Object made of thin string (5)
26 A stake in a buoyant economy (4)

Solution to Puzzle No. 5,048



THE PROPERTY MARKET
BY MICHAEL CASSELL

Consortium funds Finsbury Avenue

ROSEHAUGH Greycoat Estates has lined up a £34m package of medium-term funding to finance the first phase of its Finsbury Avenue office scheme in the City of London.

Detailed planning permission has already been won and the latest news will put an end to gloomy speculation that the developers would find it very difficult to get funds, given the market's current poor state of health.

Work on phase one—which will provide 260,000 sq ft net of office accommodation adjoining Liverpool Street Station—is to start immediately and completion is scheduled for the second half of 1984. There will also be shops, a restaurant, a public house, leisure facilities and open space. Total cost of phase one is put at about £37½m.

The partnership has arranged funding with the Chase Manhattan Bank and a consortium of debenture holders led by Globe Investment Trust and including British Land, Dixons, RIT Northern and the Aisla Investment Trust. Globe Investment subscribed for £15m of the debenture stock.

As part of the deal, the consortium has acquired 30 per cent of the issued capital of Rosehaugh Greycoat—the company set up to develop Finsbury Pavement — and the remaining 70 per cent has gone into a new holding company. Greycoat and Rosehaugh will hold just over 30 per cent of the issued share capital, with the balance owned by an unnamed private investor. The holding company will be responsible for subsequent phases of the scheme.

In leaving the developers with a big chunk of the equity, the somewhat unusual deal reflects Greycoat's determination to retain for itself a significantly greater share of the action than has been possible in the past, an option which has become much easier since the merger with City Offices established a stronger balance-sheet.

According to Geoffrey Wilson at Greycoat: "We are totally confident about the success of Finsbury Pavement. We were well aware that the future of the scheme was considered doubtful by some but we believe the consortium deal represents a big gesture of faith in our scheme and in the City office market. It also gives us the sort of stake which we will be looking for from now on.

"In the present market, we are able to take advantage of construction prices which we are unlikely to see again, an opportunity which will be reflected in very competitive rentals."

Carnaby St for sale

THE Crown Estate is to sell by tender a major part of Carnaby Street, the world-famous shopping thoroughfare in London's West End.

The freehold estate comprises 180,000 sq ft of shopping and office space with a current rental income of £976,000 a year.

The estate will be on the market early in 1983 and the tender date will probably be in April. The Crown Estate bought the estate in the early 1960s when a comprehensive redevelopment scheme was being planned for Regent Street and Piccadilly Circus but the idea was subsequently dropped and the Commissioners say the resources tied up in Carnaby Street could be better employed elsewhere—not least on the £75m Millbank redevelopment scheme.

With two exceptions, the estate comprises the entire shopping frontage on the west side of Carnaby Street. There is 82,000 sq ft of offices and properties including Carnaby Court, a shopping precinct, and Kingly Court, a Victorian building predominantly occupied as studios. The entire estate houses nearly 200 tenants.

Sole agents Drivers Jonas say there are reversions due in the medium term on the majority of leases and extensive opportunities for refurbishment in the office and studio space.

Hammerson digs in Down Under

IN AGREEING to scoop up yet another batch of minority interests in its Australian properties, Hammerson this week moved to strengthen its asset base but at the same time served notice of its determination not to be deflected by a hostile environment for foreign investors.

The group has rarely looked back in Australia since it first arrived over 20 years ago and took over an expiring development option from Ravenseft Properties. Ever coy about its earnings breakdown (never mind values) Hammerson has nevertheless shown undisguised satisfaction with the Australian operations, which in recent years have been providing good profits growth.

But "Australianisation" has made the going progressively tougher for foreign companies wanting to share in a boom which now appears to be taking a nap. For while investors cannot acquire existing properties, most new developments must be undertaken on a 50-50 basis with a local partner and the Foreign Investment Review Board — seems particularly cautious about property companies — is around to see no one breaks the rules.

Mr Sydney Mason and his Hammerson colleagues are certainly not the type to break any rules but, as probably the longest-established foreign property company in Australia and certainly one of the most successful, they are unlikely to be content with what they already have.

The plan, therefore, appears to be to consolidate what they hold (only 152 William Street, Melbourne, will involve outside interests once the latest deal with Australian Mutual Provident goes through) and to pursue the elusive stock exchange listing which may well give them some useful flexibility when it comes to further expansion, not least via any proposed acquisitions.

Sydney Mason does not openly indulge in such scenarios and is merely content to say that, having gathered in 100 per cent ownership of its Australian assets, Hammerson will proceed on the basis that any future developments will be in conjunction with local partners. None are planned however, in the near future.

Perhaps the most outstanding property involved in the new proposals is Royal Insurance House, Sydney, held on a long lease from the Church Commissioners and in which AMP had a 30 per cent stake. The 202,000 sq ft prime office building overlooks the southern approaches to the Harbour Bridge and is the state headquarters of the Royal Insurance Group.

Arrowcroft wins at Walsall

ARROWCROFT has been chosen by Walsall Metropolitan Council to carry out the £15m covered town centre shopping scheme which will link up with the existing Saddlers Shopping Centre.

The scheme, due for completion in 1985, will provide around 150,000 sq ft of retailing space including a department store, 14 standard shops and a series of smaller units to cater for local traders. In addition there will be ground level parking for 380 cars, a new bus station and covered taxi rank.

Included in the plans are proposals to restore the derelict canal wharf into a landscaped recreational area, while the historic Red Lion pub will be retained.

● Teesland Group, financed by Bass Pensions, has been appointed by Leicester City Council to develop the St Martins Square central area.

The £3m project, to be undertaken on a one-acre site, will comprise a speciality shopping centre of over 35,000 sq ft. This will include 37 shops, 4 kiosks, a restaurant, billiards hall and art gallery although larger combinations may be accommodated if required. The scheme, which adjoins Market Place and Gallowtreegate, the city's prime shopping street, will be retained by Bass Pensions. Joint letting agents are Jarroms and Donaldson.

● Regional Properties has let its 15,600 sq ft office development at Elizabeth House, 211 Vauxhall Bridge Road, to Jebsens UK, a subsidiary of a Norwegian shipping company, for an initial rent of £220,000 per annum. The development includes 3,500 sq ft of residential and storage space. D. E. & J. Levy and Hillier Parker May & Rowden acted for Regional Properties. Savills acted for Jebsens, who have taken a 30 year lease.

● French Kier Developments has sold the freehold of Devonshire House, Manchester for around £1.75m, representing a yield of 8 per cent. The 13,800 sq ft office building is substantially let to Thomson McLintock. The name of the purchaser has not been revealed.

● John Ritblat's British Land is continuing its U.S. expansion with the purchase of a 300,000 sq ft New York office block at 90 Broad Street, Manhattan from Stone and Webster. The purchase price is thought to have been $27.5m (£17m). Jones Lang Wootton advised British Land on the purchase, with an initial yield of around 10 per cent. Stone and Webster, which occupies floors 14 to 21, will remain in the building.

● The remaining 62 acres of available land in London's Isle of Dogs enterprise zone have been put on the market by the London Docklands Development Corporation. Six agents have been asked to handle the disposals.

Hillier Parker are marketing 28 acres available for office, shop, restaurant and hotel developments; King and Co have 11 acres for office and mixed business use; Healey and Baker are marketing 14 acres for a variety of business, leisure and sport uses while Henry Butcher have seven acres for mixed business units. In addition, Eastern Estate Office have been asked to find a developer for a 2.5 acre site for small business and office units while Grant and Partners are seeking a purchase for a modern 240,000 sq ft building "capable of office or exhibition use after conversion."

● A Financial Times conference on international property markets is to be held in London on January 19 and 20, 1983 at the Hotel Intercontinental. The two-day conference will examine major issues confronting the major world property markets and speakers will include the Rt Hon Tom King, Minister for Local Government, Mr Sam Levy a senior partner at Jones Lang Wootton, Mr John White of Landauer Associates, Mr Michael Mallinson of the Prudential and Mr Trevor Bedford of Hong Kong Land.

● British Home Stores is to take the largest store unit—total sales area 25,000 sq ft—within the Prudential's New Marlowe Development at Canterbury. Work on the new store is due to commence in January

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Friday December 10 1982

Lloyd's must regain its grip

THIS WEEKEND the newly constituted Council of Lloyd's of London will be in closed session at Leeds Castle in Kent. With scandal after scandal breaking over the beleagured insurance market, the council will have a great deal to discuss. The health and reputation of Lloyd's are of concern not only to the brokers, managing agents and underwriters who are directly involved. It is a substantial national institution, a key element in Britain's surplus on invisible trade. Moreover, when scandal touches one part of the City of London, the other institutions are inevitably concerned about the consequences, whether of lost prestige or a possible legislative crackdown.

It is now clear that the sequence of problems at Lloyd's amounts to one of the most serious crises that a City institution has ever faced. The commercial consequences could be far reaching, and the American insurance industry, in particular, will not be slow to exploit its opportunities. In the circumstances it is vital that corrective action taken at Lloyd's must be rapid as well as fundamental.

The essential problem at Lloyd's is that the market has failed to keep up with the standards of the times. To some extent this has been recognised by the passage of new legislation in Parliament to strengthen Lloyd's self-regulatory powers, but the whole approach to business needs to change. Much of the City has long since moved away from the old club-like approach; Lloyd's has lagged behind.

Stringent

In a sense, Lloyd's has been commercially too successful for its own good. More stringent circumstances would have forced changes earlier. As it is, the thousands of underwriters who contribute the market's capital have generally received a satisfactory return and have had little motivation to seek greater disclosure of their market's affairs.

In such a prosperous climate, a whole series of undesirable practices have been allowed to grow up. The underwriting agents who look after the affairs of syndicates of outside "names" have been allowed to build up their own "baby" syndicates for their personal benefit. Broking firms are permitted to control the underwriting agencies in a way which also creates obvious conflicts of interest. In particular, recent disclosures have revealed complex international networks of reinsurance companies. To put it at its mildest, brokers have an incentive to generate extra commissions by creating reinsurance business. But beyond this, evidence has appeared of more sinister activities.

Principle

The growth of such practices can only be understood in the context of the structure of the Lloyd's market. The principle of Lloyd's is that the underwriting names take on unlimited liability in expectation of unlimited rewards, albeit at the cost of exposure to substantial risks. But the names have adopted an almost completely passive role, relying on the managers of their syndicates. So long as the names are receiving reasonable profits, they are unlikely to complain.

But this has exposed the underwriting agents to a temptation. The names would not miss an extra element of profit which they were not expecting. It would appear that some managers have succumbed to the temptation to cream off revenues which were not necessarily large in relation to the total, but were often substantial in absolute terms. The auditing procedures and accounting principles applied to Lloyd's syndicates, which are now being urgently reviewed by Mr Ian Hay Davison, have not given proper protection to the outside members.

What can be done now? There is much talk about the appointment of a chief executive, which would indeed be a useful development, although a suitable man cannot be produced overnight, and in any case he could have no real power without some fundamental changes in the structure of Lloyd's. Such an appointment could not be the only step.

Rather, Lloyd's must abandon what it described yesterday as its "self-imposed silence" and come out in favour of radical changes of approach. It must be seen to be co-operating enthusiastically with authorities like the Bank of England and the Department of Trade.

New policies must centre on the ending of the old paternalistic approach to the underwriting members, and the introduction of much more rigorous methods of disclosing and reporting on syndicate affairs. This must be combined with early implementation of the council's new powers to separate brokers and underwriting agents, and generally to eliminate other conflicts of interest.

Reagan's choice on defence

THE REJECTION by the U.S. House of Representatives of the Administration's request for initial funding for the planned MX land-based strategic missile, is a heavy political rebuff for President Ronald Reagan. It is premature to assume that the new missile is now doomed, since the Senate has yet to have its say. But President Reagan now has reason to fear that MX will probably be delayed, and may well be still-born.

If the MX is eventually rescued, it will probably create problems for nuclear arms control negotiations with the Soviet Union, not so much because of the missile itself, as because of the "dense-pack" basing mode proposed by the Administration. The U.S. has so far observed the terms of the unratified Strategic Arms Limitation agreement, and the Administration rejects Soviet accusations that the proposed basing mode would infringe that agreement. It is true that there are ambiguities in the Salt text, and it is also true that MX does not create any real problems which could not be handled in the current Strategic Arms Reduction Talks (Start). But it requires some sophistical argument to maintain that the "dense-pack" basing mode does not break any commonsense interpretation of Salt.

Debate

Moreover, it is far from obvious that the "dense-pack" formation, in which 100 missiles would be closely spaced in a strip 14 miles long and 1 mile wide, would serve any genuine purpose whose advantages outweighed the disadvantages.

The Administration has persuaded itself that its land-based missiles are, in their current dispositions, potentially vulnerable to a pre-emptive first strike by the Soviet Union. But there is fierce debate among experts whether such a surgical strike is technically possible, and few believe that the Soviet Union would dare run the horrendous risks involved.

There is nothing objectionable about the U.S. modernising its nuclear arsenal; the Russians have been doing it for years. The trouble is that the MX "dense-pack" plan seems to epitomise a large credibility gap between President Reagan's arms control posture and his re-armament policy. The logic of the theory of vulnerability of land-based missiles has driven President Reagan to propose, in the Start talks, not merely a sharp reduction in all long-range missiles, but very tight limits on land-based missiles; but the logic of the MX plan is that vulnerability can be overcome by technical ingenuity.

Alternative

If President Reagan fails to rescue the MX in its present form, it is most unlikely that any alternative basing mode can be devised which would deal plausibly with the theory of vulnerability, would be affordable, or which would not be in open conflict with current arms control agreements. In that case, he would face a fairly stark choice: either declare that the U.S. must live with the (debatable) danger of vulnerability and place much more emphasis on submarine-based missiles, or run the risk of an unconstrained arms race.

From the point of view of the Alliance, the first of these two courses would be vastly preferable. Unfortunately, there is no sign of the Administration taking a cooler view of the strategic nuclear situation; if anything, its rhetoric about the dangers of the Soviet Union's perceived superiority has tended to harden since President Reagan came to power.

Budgetary pressures may yet drive some kind of reassessment. President Reagan has insisted that spending cuts to hold down the soaring deficit must come from domestic social programmes, not from defence. In the context of prolonged economic recession, the Congress which has emerged from the mid-term elections may be even less willing than its predecessor to go along with the President on this. Economic problems may force Congress to take a cooler and more sceptical view than President Reagan of America's real defence requirements.

Eleventh-hour efforts will be made in Brussels today to defuse a major agricultural trade dispute

Why the U.S. and Europe may be close to war

By John Edwards and John Cherrington

French farmers march through the streets of Paris to protest at falling incomes.

A CRIPPLING farm trade war may be in sight if the U.S. and the EEC fail to reach some sort of compromise at special talks on agricultural problems being held in Brussels today.

After the bitter debate over agricultural trade at the recent Gatt conference in Geneva, the U.S. bluntly warned that it would be forced to move unless the EEC promised to take some action to curb exports of its agricultural surpluses on the world market.

American anger about the EEC's policy of "encouraging its farmers to overproduce," and dumping the unwanted surplus on the rest of the world, has been building up for many years, other leading exporters have become equally incensed.

But the Reagan Administration, faced with the worst crisis in the U.S. farming industry for 50 years, has now decided the time for a showdown has arrived. It takes place against the background of what is in essence a crisis of overproduction. For now this has eliminated the threat of world starvation. But it has created a fiercely competitive buyers' market in which increasingly, the U.S. and the EEC are competing head on.

In 1980 the EEC spent more than $7bn to subsidise its farm exports and capture a larger share of world markets. Now it is spending a great deal more and the U.S. is threatening to retaliate, most probably in the dairy and grain sectors, unless the Community agrees to take positive action to stop what the U.S. says is the disruption of world agricultural trade.

The U.S. objects to the subsidies and argues that the only way to put agricultural trade back on an even keel would be to reduce these subsidies. Earlier this week in Washington, Mr John Block, U.S. Secretary of Agriculture, declared: "We want some commitment to progress. We cannot tolerate export subsidies being institutionalised in the EEC."

As Mr Block emphasised, the main bone of contention in Washington is the use of subsidies by the Community to sell its agricultural surpluses to the rest of the world at prices far below those in the

European taxpayer is being 'penalised twice'

EEC. Cut-price butter sales to Russia have hit the headlines. But there is a host of other products, ranging from sugar to wheat, that receive heavy subsidies. These are designed to make them internationally competitive by bridging the gap between the EEC internal guaranteed price and the world market level.

Community exporters of sugar, for example, are being paid over $340 for each tonne they export to sell at the world market price of around $220 a tonne. By the use of these subsidies, which are calculated to be cheaper than the cost of storing surplus stocks, the Community has developed into the world's second biggest agricultural exporter (after the U.S.). And the Community's critics claim that it is now seriously distorting world trade by using its industrial wealth to dispose of the unwanted by-products of the common agricultural policy.

For the second, and closely linked, charge is that the surpluses are being created by the artificially high prices paid to the EEC farmers under the CAP. This policy, say the critics, encourages them to overproduce but discourages consumption within the Community. In other words, the European taxpayer is penalised twice—once to pay the export subsidies and a second time by the prices in Community shops that are well above prevailing world levels. The system is further buttressed by restrictions on imports that prevent overseas producers who produce rival commodities from competing in the Community.

The European Commission responds that this is only one side of the story. It notes, for example, that the EEC is the world's biggest importer of agricultural products, especially from the developing world, and has a considerable farm trade deficit, with imports exceeding exports by $30bn in 1980. (Most of these imports, however, are of commodities not grown in the Community.)

What is more Brussels argues that the U.S. also heavily subsidises its farmers and, therefore, has little room to complain about the Community. In a recent report the Commission calculated that subsidies to American farmers on a per capita basis totalled $7,330 compared with $4,780 in the EEC. However, it is not quite that simple—the average-size holding in the U.S., at 431 acres, is over 10 times the Community average of about 40 acres.

In fact, therefore, the actual subsidy per unit of production in the EEC is considerably larger than that in the U.S. The only exception is in the dairy sector where, partly in response to political pressure on both sides of the Atlantic, the guaranteed prices in the U.S. and the Community are much the same. Indeed the cost of support buying and storage in the U.S. is estimated at $49 a tonne of milk against $41 in the EEC.

So even the U.S. has a "surplus mountain" 200,000 tonnes of butter stored in limestone caverns in Kansas. These are a considerable embarrassment to the Reagan Administration. Until a year ago the U.S. played little part in the world dairy market, but the size of these surpluses prompted it to sell 100,000 tonnes of butter in a complicated deal to New Zealand for resale to unknown buyers, probably the Soviet Union.

It now threatens to dump more of its stocks on world markets, offering some compensation to New Zealand as the main sufferer, if the EEC continues to win export markets with cut-price sales such as recent deals in the Middle East and elsewhere.

In the grain sector, meanwhile, Europe's farmers fare better, the total cost of price support in the U.S. works out at some $12.50 per tonne of grain produced against $18.70 in the EEC. The cost of U.S. grain support will go up considerably this year because of the very depressed prices.

Under the highly complicated system used in the U.S. to support its grain farmers, a deficiency payment is made when market prices fall below the target level fixed by the Government. This is the system that was used in Britain before entry into the Common Market.

In times of plenty it can be extremely expensive, putting a heavy burden on the Treasury, instead of distributing the cost among all consumers as the Common Market system does by keeping the market price at a high enough level to satisfy the farmers.

The U.S. also has an arrangement under which farmers can pledge their grain to the Government (represented by the Commodity Credit Corporation) in return for a price equal to the amount they have borrowed plus interest. The grain is stored by the farmer and can be redeemed by him on repayment of the loan, plus interest, as soon as it pays him to do so.

However, the U.S. farmer can only take advantage of these schemes if he agrees to participate in a special set-aside programme that involves taking some of his land out of production.

In wheat, too, the European farmer has an edge: the guaranteed price for U.S. wheat growers amounts to $145 a tonne compared with an intervention price in the EEC of $190 a tonne. At this price the European farmer can dispose of his wheat to the EEC-backed intervention board in each country; there is also a threshold price of $252 a tonne below which wheat cannot be imported into the Community.

In the case of feed grains, principally barley and maize, there is yet another advantage: the EEC intervention price is $190 a tonne (against the U.S. guarantee level of $106) and the threshold level is $227 a tonne.

The heavy import levies charged by the Community to bring world market prices up to the threshold level not only protect the domestic farmer in the EEC but also discourage sales to the Community. Over the years, sales of U.S. maize to the Community have dropped dramatically as the import levy makes them uncompetitive in the EEC, even though the world market has been at a very depressed level.

The Community insists there are two sides to all these issues. It claims that the U.S. also has a restrictive import policy for farm products. Currently it restricts imports of dairy products, grain, meat, cotton, peanuts and sugar. It has support programmes for dairy, peanut and tobacco farmers, and spends considerable sums ($1.5bn currently) on the PL 480 scheme, under which countries in need can obtain agricultural products under very favourable terms or indeed in some cases for nothing.

The Americans concede that the PL 480 aid programme is used for "market development" —ie providing free or subsidised products, notably soyabean oil and grains, to create a need for them. It is a food weapon that was favoured by some U.S. politicians as a way of establishing influence in sensitive areas.

Recently the Reagan Administration has brought in a new method of boosting exports to developing countries — so called blended credit programme. Under this scheme exports receive interest-free loans for a proportion of the total sum required. (Normal interest is paid on the rest of the loan, but the average interest rate paid is much reduced.) This has worked so well, enabling the U.S. to capture some new markets, that the Administration is considering extending it and would almost certainly receive Congressional approval for more funds.

The blended credit scheme

Administration's new method of boosting exports

enables the U.S. to compete with the Common Market in a discriminatory way in selected areas—country by country, and commodity by commodity. Just dumping its huge surpluses of grain and dairy products on the world markets, as threatened, would cause prices to plummet further and would probably hurt other countries considerably more than the EEC.

The U.S., however, is determined to do something, and may not be too concerned who gets hurt in the process. The EEC now seems prepared to adopt a more conciliatory attitude than it did at Gatt, exporting surpluses is a cornerstone of the Common Agricultural Policy, which in turn is a vital part of the whole Community. It is, therefore, difficult to see how the "collision course" forecast by Mr Block in Paris last week can be avoided.

WORLD'S LEADING AGRICULTURAL EXPORTERS

(1980)

	Total agricultural exports		Cereals		Oilseeds & products		Animals & animal products		Other	
	Value	Share	Value	Share	Value	Share	Value	Share	Value	Share
	$bn	%	$bn	%	$bn	%	$bn	%	$bn	%
U.S.	42.5	19	17.6	46	7.6	43	1.6	4	15.7	12
Net EC-9	26.4	12	2.6	7	0.6	4	6.7	17	16.5	13
Australia	9.2	4	3.1	8	0.4	2	2.4	6	3.3	2
Brazil	9.1	4	—	—	1.1	6	0.6	1	7.4	6
Canada	6.9	3	3.6	9	0.7	4	0.8	2	1.8	1
Argentina	5.4	2	1.5	4	1.2	7	1.0	3	1.7	1
Total	99.5	44	28.4	74	11.6	66	13.1	33	46.4	35
Other	128.2	56	9.9	26	6.0	34	26.8	67	85.5	65
World total	227.7	100	38.3	100	17.6	100	39.9	100	131.9	100

Note: EC-9 refers to the European Community before Greece joined.

Source: UN and FAO data

Men & Matters

Question marks

Defence ministers have had to answer 600 parliamentary questions on the Falklands war in the past eight months—an interrogation which will have added around £30,000 to the multi-million pound bill for the operation.

One MP has dominated the exchanges. Tam Dalyell, Labour MP for West Lothian, has put down no fewer than 180 of the questions. That is probably ten times the number an MP would be expected to address to all government departments in a year.

Dalyell, one of the Government's toughest critics at the time of the conflict, is quite clear about what he is after. Apart from getting material for a book, he believes the MOD—and above all, 10 Downing Street—still have a lot of information to impart.

Not much escapes his persistent probing. In 40 questions this week, he has ranged from demands about the cost of fitting, and later removing, a helipad on the Uganda (£157,000 and £147,000) to querying why the assault ship Fearless turned up in Venice last month with a London taxi on its deck.

(Answer: the ship was on rest and recreation and the taxi, bought by sailors to help in such pursuits, is carried "at the discretion of the commanding officer and only when to do so will not interfere with operational activity.")

Old Etonian Dalyell's questioning has been particularly sharp over the sinking of the Belgrano. Details he extracted from the MOD this week, he claims, show that the Argentine ship was heading for its home port when it was sunk.

During his 20 years in the Commons, Dalyell (aided by his wife's research) has proved an awkward handful for many a minister, Labour as well as Tory. Margaret Thatcher and John Nott have not heard the last of him yet.

"I'll bet the Falklanders are looking forward to their new road, their own rush hour, single lane working every Bank Holiday."

Danger man

With Sir Derek Rayner, Mrs Thatcher's adviser on stemming waste and inefficiency in the Civil Service giving up his executive role (he will still proffer the PM advice) it falls to Clive Priestley, aged 47, to risk becoming the most unpopular official in Whitehall.

Priestley, who has been Rayner's chief of staff, is well regarded by his Civil Service peers. But some may have cause to think again as he presses on with his good housekeeping. The unit he will now head is charged with scrutinising government departments with a view to achieving savings.

In the present climate of cuts and economies looking over one's shoulder has become a natural defence mechanism of the prudent civil servant. When taking a precautionary glance the man he will not hope to see will be Priestley.

His major spare-time interest in his work as a churchwarden at St Martin's, St John's Wood. Worried civil servants will know where to go to kneel and pray in future.

Social circle

Shirley Williams does seem to have a knack of irritating her Social Democratic colleagues in the Commons. They love her dearly but . . .

She jumped in with instant criticism of William Whitelaw's ban on the three Sinn Fein leaders' visit to London without consulting party leader Roy Jenkins, home affairs spokesman Ian Wrigglesworth or Ron Brown who "speaks for London."

All three disagreed strongly with her views and Jenkins yesterday came out in public support of the Home Secretary's decision.

Williams was due to have her knuckles severely rapped—not least because she has been complaining lately about the lack of consultation in the SDP leadership.

Money talks

Jocelyn Stevens is an old Fleet Street hand who has turned his talents to magazine publishing for the second time in his career. But he was sadly misled when he sent a free, unsolicited copy of his new glossy publication The Magazine to my house on the grounds that it was being delivered to the 100,000 wealthiest households in London.

But let us assume that the remaining 99,999 households are all awash with cash. What sort of people are they. The Magazine gives us a fascinating glimpse of their lifestyle.

Naturally Christmas present suggestions loom large. Highly recommended is a Bubble and Squeak package — "Champagne on ice with a life-like squeaky pig and cigar."

If your loved one has literary tastes how about "a selection of the most amusing articles from The Times 1945-1981" — a slim volume for the pocket I wouldn't be surprised.

And should you be seeing too much of the wife The Magazine has just the gift. "Chug, chug, chug all the way to Venice. No need to queue; buy a gift voucher." The present is a one-way ticket for £250 on the Orient Express.

A bonus of being rich is that you can eat out expensively. But I did wonder about one London restaurant recommended in The Magazine. "The food is far from good . . . there is no menu to speak of . . . the bill is usually astronomical and I have paid as much as £40 for two (with plonk). Still it is worth it . . ."

Wonderful what money will buy.

Know-Howe

After all the spying that has been going on, it is good to know that Britain's Chancellor, Sir Geoffrey Howe, is well apprised to the dangers of "careless talk. . ."

As he set off for yesterday's much-heralded meeting of finance ministers of the Group of Five top nations in Frankfurt to discuss the threat to the world's banking system, Howe told the Press Association: "I shall be back tomorrow, but I am not saying who I shall be seeing or the reason for my trip."

Well, I can reveal that two of the people he ate dinner with last night and met at breakfast this morning in the Schloss Hotel were U.S. Treasury Secretary Donald Regan and West German finance minister Gerhard Stoltenberg.

No sleuthing needed. They both issued official statements to the press.

Observer

POLITICS TODAY

The Italians have done better

By Malcolm Rutherford

WHILE THE European Council was meeting in Copenhagen last week-end, the Italian Christian Democrats were holding a seminar on foreign policy in Florence. Here are some home thoughts from abroad.

The Italians, rather to my surprise, do not put any of their flair for passion into their political speeches. These tend to be long, windy affairs without the slightest concession to a joke. At one stage the interpreter said through the earphones that *she was going to* stop translating until a particular speaker finished a sentence.

I asked an old Christian Democrat how their conferences compared to those of the Communists. "Oh," he said, "the Communists are even worse."

There was one conspicuous exception: Sig Giulio Andreotti a former and perhaps future Prime Minister. Sig Andreotti speaks on so many levels at once that it is difficult to know whether he is making a joke or not. Possibly that is why so many Christian Democrats seem to distrust him.

Some of them say that when he was *in office* he was too pragmatic in being prepared to deal with the Communists. So he invented an antidote by pursuing a special relationship with the United *States* as well. In other words, he makes up his policies as he goes along.

The close relationship with the U.S. seems to have stuck. Italy has been notably supportive of the Americans in its *readiness to have a new generation* of nuclear weapons on its territory. Sig Andreotti now claims that it also supported the neutron bomb. The latest example is the deployment of Italian troops in the Lebanon, alongside the Americans and the French.

There are other instances of the Christian Democrats seeking to balance what they are doing at home *against* what they are doing in foreign relations. When Helmut Schmidt, a Social Democrat, was at the height of his power in West Germany, there was *for a time* a German-Italian love affair. The Italian Christian Democrats cited their good standing with the Social Democrats in Bonn as an example of how *they could* get on with socialists abroad. They did this partly for domestic reasons: it was meant to attract left-wing support at home. (The Germans now tend to say that the Italians just wanted their money.)

Now that the Social Democrats are out in the Federal Republic and the Socialists are in in France, the love affair is with Paris. The new Christian Democrat-led coalition in Bonn was scarcely mentioned at the seminar in Florence. Again partly for domestic reasons, the hero was President Mitterrand. Getting on well with a Socialist President of France is seen by the Christian Democrats as a way of attracting wider support in Italy.

The current villain in Italian politics is widely regarded as Sig Bettino Craxi, the Socialist leader who tried to bust the system by offering an alternative to Christian Democrat rule other than the Communists or the "historic compromise" of the Christian Democrats and the Communists working together. Sig Craxi is now reviled by Communist and Christian Democrats alike, rather as both the Tory and Labour leaderships in Britain try to look down on *Mr Roy Jenkins*.

Another parallel with the home *country*: most Christian Democrats in Italy still fear the Communists even more than they dislike each other, rather as the most liberal Tories will unite around *Mrs* Thatcher in opposition to Mr Michael Foot.

So Sig Amintore Fanfani has returned as Christian Democrat Prime Minister in his mid-70s —he was in the Italian government before Truman became President of the U.S.—in the hope that he has the weight and authority to deal with the *familiar* problems of inflation, unemployment and public expenditure. If and when he does, Italian factional politics can return to normal.

Yet the fact that the Christian Democrats were holding a seminar on foreign policy was interesting in itself. Next year they plan to *invite a lot of Japanese*.

Traditionally—that is since World War II, Italian politics have been inward-looking. The Italians made a bash of their membership of the European *Community. They would have* secured far more Community resources for Italy. They could have provided far more Community officials. Instead their politicians chose to stay at home.

Now they are becoming outward-looking. The Italian presence in the Lebanon is perhaps the most spectacular case. Mr Philip Habib, the American *negotiator in* the area, who attended the seminar throughout, went out of his way to praise the Italian contribution. Without it, he said, and that of France, *it* would never have been possible for the Americans to have become involved on the ground in the Lebanon in the way that they have. It is a notable example of U.S.-European co-operation outside a formal alliance, and one which should be remembered at a *time* when the general talk is of *Europe* and the *U.S.* moving further apart.

As Italy seeks to look outwards, however, others tend to *look* inwards, or at least to become more nationalistic. One way of expressing national self-confidence would be to advocate a more international *approach to* world *affairs*, but that is not what is happening.

A problem of U.S.-European relations is this. Nearly 10 years ago Dr Henry Kissinger, then the U.S. Secretary of State, said that Europe had regional interests, while the U.S. had global interests. That diagnosis has not essentially changed, though in *some subtle* ways it has. The U.S. under President Reagan obviously looks at a wider world including the Pacific and Latin America. But Europe or parts of it—France and Italy (we shall have to wait and see about the new government in West Germany)—are beginning to *look at a wider world, too*.

There are two apparently contradictory, but not necessarily irreconcilable, developments. Europe and the U.S. are moving further apart, but *Europe* is also moving closer together. Or it could be. The challenge is how to encourage the movement towards European unity and then to reconcile it to a closer —and more equal—relationship with the U.S.

One obstacle is domestic politics. It would be hard seriously to deny that even under Mrs Thatcher's Government there has been a move towards closer political co-operation between Britain and Western Europe. Equally, the close relationship between Bonn *and Paris seems* to *survive* changes of government in either place. Yet what has not occurred so far is any attempt to put all this together.

For *instance*, even if Britain and France begin to share the same *view of the world—they* probably always did—it does not help their bilateral relations if Sir Geoffrey Howe, the Chancellor of the Exchequer, keeps *criticising* French economic policy in order to demonstrate his own rectitude. In other words, ideological differences at home are getting in the way of *international co-operation*. Almost everyone is in danger of becoming terribly micro, of being unable to see the wood for the trees. What matters is whether *the European countries* can rise above their different approaches to economic policy to see their common interests.

Mr Denis Healey, the Labour Party's spokesman on foreign affairs, made the point very well when he spoke of "global unilateralism" at the Royal *Institute of International Affairs* in London on Tuesday. He was grateful, he said, for the indefinite article in having been invited to speak on "A Labour foreign policy." His is not necessarily the one that will come out on top if Labour wins the election, nor in the Party Manifesto.

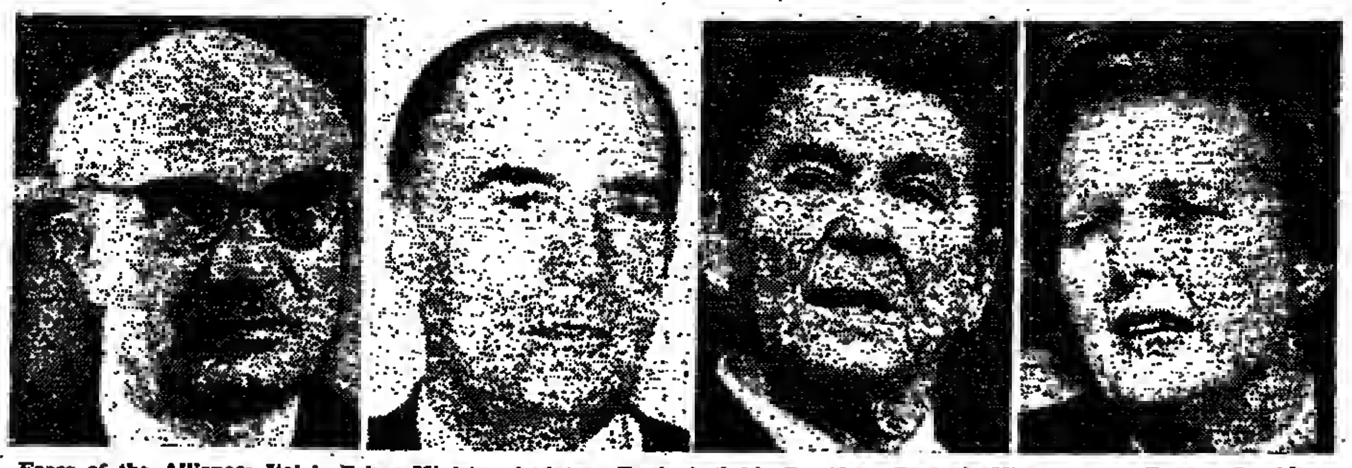
Mr Healey *described* himself as an "unrepentant Bevinite" (note the "i"), going back to the new world order that was constructed after World War II and *forward* to the need to construct something in its place. He was particularly scathing to a questioner who asked about Britain's role. It was not a matter *of national* roles, he said, but of establishing an international framework.

He made other points that will not make him popular in Europe. He would like Nato to abandon its doctrine of forward *defence in Germany*, which means that at least for a time he would be prepared for German territory to be lost in the event of an East-West *military confrontation*. Heresy in Bonn. He also thinks that the time has come to invite the French to rejoin Nato's military organisation. Heresy in Paris.

But in general Mr Healey was articulating what the Christian Democrats were groping towards in Florence. The only way to stop the retreat into nationalism is to launch a new attempt at *internationalism. It is impossible* to check economic protectionism, he said, without a collective policy for economic growth.

He *spoke* on the *day that it* became known that the British Government had declined to receive an Arab League delegation led by King Hassan of Morocco because *it* included a senior member of the Palestine Liberation Organisation. Previously one had thought that Britain was going along with European diplomacy in the Middle East, and that this was in turn *influencing* the Americans. Once again, Britain has stepped back, neither co-operating with the Europeans, not particularly assisting the *Americans*.

The Italians have done better. At least, like Mr Healey, they are looking outwards to some sort of world order.



Faces of the Alliance: Italy's Prime Minister Amintore Fanfani (left), President Francois Mitterrand of France, President Ronald Reagan of the U.S. and Prime Minister Margaret Thatcher.

Ideological differences at home are getting in the way of international co-operation

Lombard

Cole's jester has a bright idea

BY NICHOLAS COLCHESTER

THE NURSERY RHYME tells us that Old King Cole had "fiddlers three" at Court. Generally assumed to have been musicians, they were really King Cole's *economic advisers*. And the "very fine fiddle" alluded to in the rhyme was one of the most elegant anti-inflationary policies ever tried by any government.

It was the court jester who had the idea—the sort of absurd insight that Fools tend *to come up with*. One evening, finding his king and master particularly depressed about inflation, the Fool observed blithely: "Sire, why don't you *simply banish* inflation?"

"Banish inflation?" retorted the King testily. "Fiddlesticks! I have tried everything—wage freezes, price controls, social *contracts, exchange rate* manipulation, monetarism—they are all either ineffective or too agonising, or both."

"What I was wondering, Sire, was whether you might by decree, and perhaps once a year, simply discount all bank balances, all debts, all wages and salaries and all prices by the GDP deflator. By simply writing off inflation you would not alter the balance between these quantities and flows. But a pound would remain a pound, would remain a pound."

King Cole had one of those mental black-outs that occurs when one is hit below the belt with a suggestion of total simplicity. He floundered around for a flaw in his Fool's *logic*. "*It would be dreadfully* complicated," he observed lamely.

"Yes and no," said the Fool diplomatically. "In a *quill-pen-and-ledger economy*, it would of course be quite impractical, but now that all the banks in the realm, all the store chains and most wage payment systems are so thoroughly computerised, it should be much simpler, and certainly as easy as enforcing wage and price controls."

"Equally, Sire, it would be impractical in a cash economy. Imagine collecting a percentage of each individual's cash holdings! But now that physical cash accounts for only a small proportion of the money supply, *the problem of cash holdings* can safely be ignored."

The King thought he saw a chink. "What about people with savings in the bank, living off fixed incomes? They won't take kindly to seeing their wealth reduced by some GDP deflator!"

"Alas, that is what is already *happening*," replied the Fool gently. "Sire, my solution does not tackle the tendency for some parts of society to make wage demands at the expense of others. It merely ensures that changes in the value of money play *no part in disguising* that process. Nor does it interfere with relative price movements. It only ensures that, overall, money GDP does not grow faster than real GDP."

After a long session with pipe *and bowl*, the King was won over. He ordered his three, rather sceptical, fiddlers to make it work. To prevent frenzied speculation and skulduggery, *they chose to apply "monetary correction"* at arbitrary moments suddenly announced, and only after a cumulative shift in the price level of about 5 per cent.

There were many elegant *features* in the *final system*. One of the best was its way of applying the monetary correction to shop-prices. The correction was always accompanied by a *mandatory change* in the colour of ink used on price labels—from black to blue, say. A shopper in the blue period could expect a discount *equal* to the recent monetary correction on any merchandise still bearing a black price.

Inflation, in the purest sense of the word, vanished—a pound could be counted upon to buy a more or less constant basket of goods and services. What did not disappear were phenomena which later generations came to confuse with inflation but which were causes rather than effect —the tendency of government to spend more than it taxed, or genuinely borrowed, and for workers to ask for pay greater than the real wealth they created.

The Fine Fiddle proved short-lived. An acute recession focused King Cole's thoughts more upon jobs than upon prices. The Fool was exiled: it turned out that he had done rather nicely out of his scheme —some legerdemain involving euro-sterling deposits in the *Cayman Islands*. So Cole's jester died in obscurity, little knowing that a direct descendant would one day write a Lombard column about him.

Letters to the Editor

Developing ways of extending home ownership

From Mr G. Bonham-Carter.

Sir,—I was interested to read (December 7) of the Government's attraction to the low-start mortgage scheme as a *possible way of assisting council* tenants to buy their own houses.

The original work on this scheme was carried out while I was in charge of the construction section of the National Economic Development Office in the early 1970s. A publication was prepared and circulated to many local authorities at the time, some of whom adopted the scheme in one or other of its forms.

The basic concept behind the scheme was to aim at matching repayments of mortgage more closely to income expectations of potential house owners. By bringing down the amount of the initial payments required, a substantial number of council tenants at the time became potential house purchasers. The scheme we proposed started from a base first year payment covering interest only, since we did not wish to rely on inflation providing additional security to cover rolled up interest. In the case of council houses sold at a discount, however, there would be a higher margin of cover which could accommodate an even lower initial starting payment.

It is encouraging that the *Government is showing* imagination in developing ways in which home ownership can be extended and I hope it will not overlook the possibility of *partial sale of equity* in devising house purchase schemes, as this could further extend the range of potential house purchasers.

G. E. D. Bonham-Carter.
85 Victoria Drive,
Wimbledon, SW19.

Information on companies

From Mr J. Wilcox

Sir,—With reference to Miss Forster's letter (December 2) regarding the privatisation of the Companies Registry is anybody aware that she is advocating self-regulation for firms who have the privilege of being "limited liability"?

Not only this, but by the suggestion that the Chambers of Commerce can make a profit by the supplying of information she is recommending the breaking of EEC regulations, while she is a member of that Parliament. Bearing in mind the objects of the Community there is a strong argument for one registry for all companies trading within the Community, with possible duplication in each member state.

The present system is profitable but, more importantly, is an effective way for anybody to obtain company information for credit, legal and allied purposes. Any fracturing of the service will lead to a higher unseen cost to commerce by way of increased bad debt and legal costs.

J. R. Wilcox,
Facts Information Services,
Leonard House,
9-15 Leonard Street, EC2.

Invasion of flowers

From Mr W. Empson

Sir,—December 4 was a rather worse than usual winter's day down here in deepest Cornwall with drizzle, swirling mist and general gloom.

At mid-afternoon I was awakened from my armchair nap by a ring at the door and on opening it I was confronted by the beaming smile of a gentleman from the East who was bearing s large box of delightful Christmas plants all in bloom.

He opened the conversation with: "Good afternoon, I am from Japan; would you like to buy a plant?" I was on the point of choosing one and then suddenly thought of our car, radio, and watch industries, and almost aloud thought good grief, now it's horticulture. I politely declined to make a purchase and, with equal politeness, he withdrew and went on his way still smiling.

I then returned to my armchair to watch the football results coming over my five-year-old, trouble-free, Japanese TV.

William T. Empson.
"Letheringsett,"
Barton Meadow, Pelynt,
Looe, Cornwall.

Privatise "the drain"

From Mr J. Ormerod

Sir,—As fellow commuters into Waterloo on the South Western division of British Rail's Southern Region will surely agree, the main line system provides a fast, tolerably comfortable and punctual service. The final mile or so, however, on the Waterloo and City line is one of distinct misery.

The rolling stock was delivered in 1940 and is subject, hardly surprisingly, to breakdown. The time has surely come for BR to take drastic action by investing in new rolling stock to increase the efficiency of the service—in particular each carriage should have more doors for rapid entry/exit at peak times and no seats as the journey time is so short.

If BR cannot give a commitment to invest, serious consideration should be given to either: handing the line over to London Transport — although it is hard to see why it should be enthusiastic; or "privatising" the line. Ownership could be transferred to City institutions and commuters. New rolling stock could be introduced and financed on long-term tax leases.

In any event, the present state of affairs cannot be allowed to remain.

John M. Ormerod,
Dashwood House,
69 Old Broad Street, EC2.

Common Fisheries Policy

From Mr M. Hall

Sir,—Your otherwise excellent article (December 3) on the row about fishing rights is inaccurate in one important detail; marketing and price support for fish is not outside the scope of the Common Fisheries Policy. In fact it is at its very heart.

The Treaty of Rome states: "The common market shall extend to agriculture and trade in agricultural products. The term "agricultural products" shall mean the products of the soil, of stock farming and of fisheries and products of first-stage processing *directly related* to the foregoing." And "the operation and development of the common market for agricultural products must be accompanied by the establishment of a common agricultural *policy among the member* states."

The *CFP is*, therefore, an offshoot of the Common Agricultural Policy, one object of which is to stabilise markets.

The means whereby the CFP marketing arrangements would operate are laid down in an EEC regulation put together by the Six before our entry and which, like some other EEC regulations, has not worked to Britain's advantage. Many fishermen fear that the modified CFP on access, quotas and enforcement will also work against their interests.

M. J. W. Hall.
Thomas Hamling & Co,
St Andrew's Dock,
Hull.

Opinion across the spectrum

From the Chief Executive, Channel 4 TV

Sir,—Homer nods. Chris Dunkley (December 8) has no need to urge Channel 4 "to broaden the range of political and social attitudes in its programmes by allowing the occasional token word from a Conservative." If he had checked the facts, he would have found that Conservatives have frequent access already; there is nothing token about it.

In our first few weeks on air Alfred Sherman, Andrew Alexander, Peregrine Worsthorne were among the Conservatives who gave their opinions to camera in Channel 4 *Comment*; Sir Geoffrey Howe and Francis Pym have *Faced the Press*; no less than 10 Conservative Ministers and MPs have spoken in *A Week in Politics*; the Prime Minister and various Cabinet Ministers have been interviewed in *Channel 4 News*. And in *Opinions*, which perhaps Chris Dunkley mistakes for the whole of our output, we have not yet had, but shall have, the pleasure of hearing from Paul Johnson on December 20, and from Enoch Powell in January.

Channel 4, which is committed to publishing coherent opinion across the spectrum, *is* already doing precisely that.

Jeremy Isaacs.
60, Charlotte Street, W.1

Great balls of fire

From Mr S. Guebenlian

Sir,—I felt somewhat exhilarated on reading your Weekend Brief article of December 4 about lighting a fire with *newspaper brickettes*.

In the FT nearly five years ago, I remarked about the super-combustibility of your paper when compared with other UK nationals. My letter which you kindly printed on *December 30 1977* said quarter-pages of Fintimes squeezed into small balls made far more effective starters of a charcoal fire than any other newspaper I'd tried.

Now, 1,800 days, millions of words and hundreds of learned articles later, a Dutch-designed newspaper squeezer costing £32 produces brickettes which prove my point: compared with others, the *FT* brickette shines with outstandingly remarkable *staying power* . . .

How very nice to have practical experience proved and confirmed by the refinements of scientifically produced squeezers five years later!

S. Guebenlian.
Penthouse B, Ross Court,
Putney Hill, SW15.

FINANCIAL TIMES

Friday December 10 1982

MINISTERS AND CENTRAL BANKERS SEEK TO RESTORE CONFIDENCE

Group of Five explores initiatives

BY STEWART FLEMING IN FRANKFURT

THE FINANCE MINISTERS and central bank heads of the world's five leading industrial nations – the Group of Five – were locked in discussions near Frankfurt yesterday exploring new initiatives to shore up confidence in the world financial system and combat the threat of continuing recession and widening trade protectionism.

The meeting, which brings together for the first time in their official capacities Mr Donald Regan, the U.S. Treasury Secretary, and Herr Gerhard Stoltenberg, the new West German Finance Minister, is expected to smooth the way for an early increase in the finance that the International Monetary Fund can lend to heavily indebted developing countries.

Any indication that major industrial countries – the U.S., Japan, West Germany, France and the UK – were agreed in principle about the scale of proposed increases in the IMF's resources would itself help to improve the psychology in the world financial markets.

In parallel with an examination of the world economy, the specific proposals include a decision to increase the IMF's present quota subscriptions of $66bn by as much as 50 per cent. Such a move may require persuading the U.S. to move beyond a 40 per cent increase, which it is thought to have conceded informally.

In addition, the meeting is expected to consider changing the terms of the General Arrangements to Borrow (GAB) between the 10 leading industrial countries and Switzerland, so funds can be advanced to countries outside the GAB group. The possibility of increasing resources within the GAB from $6.5bn to between $15bn and $20bn will also be discussed.

The question of accelerating the procedures for increasing the IMF's resources by bringing forward the Interim Committee meeting of the IMF from April to January or February is also to be debated.

In many respects, the international financial climate has improved since the IMF annual general meeting in Toronto in September.

There has been a significant easing of U.S. monetary policy and an accompanying fall in U.S. interest rates. Dr Wilfried Guth, joint chief executive of Deutsche Bank, for example, maintains that there has been considerable progress in resolving the short-term financial crisis which was threatening to overwhelm Mexico at that time. This is seen as an important demonstration of co-operation between governments, central bankers, the IMF and commercial bankers.

But it is increasingly recognised that a more coherent approach to dealing with the repercussions of world-wide recession is needed, rather than continuing with the present "fire-fighting" approach to country debt problems through emergency intervention via the Bank for International Settlements.

In one important respect, the overall situation is seen to have deteriorated since September. Hopes that a strong U.S. economic recovery in 1983 would pull the world out of recession, and contribute to an automatic easing of many economic problems, have faded.

In the view of Mr Rimmer de Vries, chief international economist of Morgan Guaranty Bank in New York, this factor has helped to account for the statements earlier this week from the U.S. Treasury Secretary which hinted that a new international monetary conference may be needed, and indicated a greater interest by the Reagan Administration in promoting exchange rate stability.

These comments caught European governments by surprise, and Mr Regan will be expected to explain what lies behind them.

Kohl vote ploy for spring election

By James Buchan in Bonn

CHANCELLOR Helmut Kohl of West Germany plans to open the way to general elections next spring by contriving to lose a parliamentary vote of confidence next Friday, December 17.

Members of Dr Kohl's parliamentary party, the Christian Democrats (CDU), confirmed yesterday that the Chancellor has settled on the vote as the least painful way of getting round a constitutional ban on mid-term elections.

His plan was approved by the CDU yesterday and was submitted to President Karl Carstens last night.

Pending the approval of President Karl Carstens, Dr Kohl will intervene in a parliamentary debate on Tuesday, arguing that his coalition of CDU, Christian Social Union (CSU) and Free Democrats (FDP) had completed its initial task with the passing of the 1983 budget.

He will then ask for a vote of confidence to be put to the vote immediately after the budget is passed by parliament on Friday.

In the vote, the overwhelming majority or all of the coalition deputies must abstain and the opposition Social Democrats (SPD) vote no. In the absence of another Chancellor candidate capable of gaining a majority, the President can dissolve parliament. Elections are planned for March 6.

No great difficulty is expected from the SPD as the party has loudly demanded new elections since its own coalition with the FDP collapsed in September and it was unseated in a parliamentary vote of no confidence on October 1.

The compromise, though messy, is widely regarded as the best way to allow the electorate to have its say about a government which was born in parliament. Though scarcely in accord with the spirit of the constitution, it is held as infinitely preferable to changing a constitution that Germans believe should not be tampered with.

The greatest misgivings are in the ranks of the small FDP, which has suffered a great loss in popularity since its change of allegiance.

Opinion polls give the party only 4 per cent of the vote.

THE LEX COLUMN

GRE picks up a life line

Guardian Royal Exchange has barely dented the £76m which it raised for acquisitions through last year's rights issue, so it is a little puzzling that the £39m which the group is now spending to subscribe for a 10 per cent stake in Hambro Life is being met from life, rather than shareholders,' funds. The arguments in favour of the deal are more commercial than financial – and relate to the non-life business at that – while this single transaction will presumably swallow up a hefty chunk of new cash flow allocated by the life funds for UK equity investment over the next 12 months.

Hambro Life equity yields only a touch over 5 per cent, so spending shareholders' cash would have produced short term earnings dilution, but life policyholders may well look askance at substantial payments to a highly successful life company when GRE's own life business needs beefing up.

GRE must hope to push its own non-life products through the Hambro marketing arm and it may establish a more direct link in overseas life business. More distantly, GRE may be eyeing the 37 per cent holding which Hambros retains in Hambro Life. From Hambro Life's point of view, the deal has straightforward advantages. It will have cash to spend on developing the recently acquired Dunbar in both banking and portfolio management, while leaving itself room to finance money fund activities. GRE's expertise in the non-life area should allow Hambro to spread its wings there as well.

GUS

There is still no faltering at Great Universal, although the increase in pre-tax profits at the interim stage has slowed to a gentle walk, with a £1.8m gain to £82.8m. The results are underpinned by a stable contribution from mail order, in sharp contrast to the difficulties elsewhere in the sector. The introduction of Gus's telephone ordering system has been an important factor here, and there should be further gains over the coming year.

Elsewhere the contribution from the UK clothing chains has fallen, while there has been an increase in profits from the furniture stores and from abroad. The current half may see further benefits in the hire purchase business as a result of the lower level of interest rates, although, true to form, Gus will doubtless treat the boost on its fixed rate contracts in a highly conservative way. Nevertheless, the outcome for the year may exceed £200m, against £189.2m. The "A" shares fell 5p yesterday to 583p, where the prospective yield is 3½ per cent.

Argyll Foods

The full glory of merger accounting is unveiled with Argyll Foods' first set of results following the acquisition of Allied. Pre-tax profits for the six months to September are stated at £10.2m, a total which includes some £3.9m of earnings made by Allied before the deal was completed – including £1m of property profits. Retention of these earnings is justified on the curious grounds of the relative sizes of the two groups even though the former owner of Allied immediately sold on the newly-created Argyll shares.

At least Argyll provides figures to allow converts to acquisition accounting to do their sums. These reveal that the profit record of the original Argyll business suffered something of a dent, with pressures on the food manufacturing side pushing operating profits 9 per cent lower to £3.3m. Nevertheless, the Allied businesses do seem to have been pepped up.

Stock-turn is down from 39 days to a more typical 27 days, worth £27m in cash. Yet the group has actually managed to increase creditors since March, by £4½m, so credit taken has moved up from an already high 1.4 times stock to a very aggressive 1.9 times. This has been the key to a reduction in net debt from 100 per cent of net tangible assets on the March pro-forma to a mere 400 per cent. The pressure on suppliers may not be sustainable in the long term, but Argyll has won itself sufficient breathing space to expand. The shares fell 3p yesterday to 111p.

BOC

A timely decision to capitalise interest on major capital spending has pushed BOC's reported profits just over the £100m level for the first time. On the basis of previous accounting policies, however, the gain during the year to September was only 3.7 per cent to £96.fm pre-tax, and BOC will be stretched to maintain earnings per share this year in the wake of the 15 per cent increase in issued equity which the recent flurry of share placings has produced.

BOC has earmarked a capital spending budget of £300m for 1982–83, 36 per cent above last year's eventual out-turn, so debt is certain to rise – probably to around 70 per cent of shareholders' funds. The new accounting policy on interest will mitigate the impact on the revenue account, and BOC still enjoys a very sheltered tax status, but the group is mostly operating in flat – and in South Africa and Australia, declining – markets.

So, except in the booming health-care business, BOC may need to depend on continued production efficiencies to maintain both its own momentum and the slightly bruised confidence of the City. At 172p, the historic yield is 4.9 per cent.

Doubts on Grundig link with Thomson

By James Buchan in Bonn

GRUNDIG, the troubled West German consumer electronics group, confirmed yesterday that it was holding talks with a number of major European electronics companies, including Philips of the Netherlands and Robert Bosch and Siemens of West Germany.

The announcement by Grundig follows speculation about the future of the company following its signing last month of a letter of intent to take Thomson-Brandt of France on board as a major new shareholder.

However, the group, which reported losses of DM 40m ($16m) in 1981, would not comment on the content of the discussions or whether it was seeking an alternative solution to Thomson-Brandt's takeover of the 75.5 per cent of Grundig capital held by the Max Grundig Foundation.

Philips already owns the remaining 24.5 per cent of Grundig and is one of its most important suppliers of television tubes and components.

Siemens is involved in consumer goods only through its 50 per cent share with Bosch in Bosch-Siemens-Hausgeräte, which in turn has a 25 per cent stake in Bosch's consumer electronics subsidiary, Blaupunkt.

Part of the uncertainty over the Grundig-Thomson-Brandt deal lies in the attitude of the West German authorities, whose approval would be required for the merger. The Economics Ministry in Bonn said yesterday that it could make no statement until the West German Cartel Office in Berlin had ruled on the deal.

But the Economics Committee of the Bavarian parliament yesterday called unanimously for a larger "European solution" involving Siemens, Bosch and Philips to protect the 20,000 Grundig jobs in the state.

Philips and Siemens in joint research programme, Page 17

Caterpillar to switch Ohio lift-truck production to UK

BY PAUL TAYLOR IN NEW YORK

CATERPILLAR Tractor, the U.S. construction and mining machinery manufacturer, is to end production at its main fork-lift plant in Mentor, Ohio, and transfer "most" of the plant's output to its UK factory in Leicester.

The company blamed over-capacity, poor demand for lift trucks and severe price competition – rather than the two-month strike by United Auto Workers – for its decision to switch production.

Mr Dale Turnbull, president of the Towmotor Division, emphasised that "Caterpillar intends to remain a major competitor in the lift truck industry" despite the decision to consolidate production.

Most future demand for the company's lift truck products will be met from Leicester and another existing plant in Dallas, Oregon. However, Caterpillar also revealed that Towmotor is negotiating with a foreign company to manufacture some of its lift trucks outside the U.S.

The Mentor plant, which was built in 1970, currently manufactures 41 Caterpillar fork-lift models ranging in capacity from 1000 kilos to 14,000 kilos. In January 1979, employment at the plant reached a peak of 2,750 but has subsequently declined to 1,320.

Caterpillar said yesterday that "no decision" has been made on whether to close the Mentor plant or to use it for other purposes.

The company said that it expects to meet "most" of the demand for these lift truck models through its plant in Leicester. The company, which has not revealed production figures for either Mentor or Leicester, is understood to be considering hiring additional workers to boost production at the UK plant.

Caterpillar said that production at Leicester would in future meet export demand from "all over the world" for the company's lift-trucks and will also help supply the U.S. market.

Meanwhile, talks between the company and the UAW have resumed in an effort to end the strike by 38,000 of the company's workers over a new wage contract.

In October, the company reported its first quarterly loss since the 1930s. It announced a pre-tax loss of $137.2m in the third quarter compared with a profit of $174.3m in the corresponding period last year. The net loss in the latest period totalled $28.1m.

For the first nine months of this year Caterpillar's profits have shrunk to $24.1m from $475.6m in the year before as sales have plunged by 20 per cent to 5.5bn.

Lynton McLain in London writes: The Leicester plant is Caterpillar's main production centre for lift-trucks for the Middle East, Africa, Scandinavia and Europe, including Britain. It is one of the largest fork truck production factories in Europe, with 400,000 square feet and three production lines.

It has consistently operated well below its full potential capacity, and employs 350 workers on direct fork-truck production work. This is less than half the production staff employed in 1980–81.

Up to 100 additional people are likely to be employed there if production is doubled, Caterpillar said.

Fed reveals heavy intervention on foreign exchange markets

BY PAUL TAYLOR IN NEW YORK

THE U.S. monetary authorities were forced to intervene four times in two weeks during the August – October quarter buying the dollar equivalent of $102m in West German Marks and Japanese yen to restore market stability and stem the dollar's rise.

The surprisingly high level of U.S. intervention in the foreign exchange markets was revealed yesterday in the New York Federal Reserve Bank's quarterly report. The report indicates the impact that international financial, corporate and political uncertainties had on the foreign exchange markets during the three months.

It also gives details of the currency swap and special credit line arrangements made with Mexico and Brazil to help the two countries overcome their liquidity problems.

Mr Sam Cross, executive vice-president of the New York Fed, said yesterday that despite the relatively high level of intervention in the latest period there had been 'no basic change' in the U.S. Administration's policy of intervening only in order to restore orderly market conditions.

Before the latest period the U.S. had entered the foreign exchange markets on only two occasions since President Ronald Reagan took office in January 1981.

On March 31, in the wake of the shooting of the President, the Fed intervened and again in June this year following the realignment of the European Monetary System currencies.

Mr Cross revealed yesterday that the Fed had intervened on August 4 to support the D-Mark after AEG-Telefunken's financial problems. That intervention also came as tension mounted over Israel's decision to attack East Beirut. Despite the Fed's intervention the dollar closed sharply higher that day against all the major currencies and rose to DM 2.486 from DM 2.439.

The other three interventions by the U.S. authorities came "in the first week of October." During that week the dollar soared as more details emerged about the international liquidity problems facing some of the less developed countries.

During the period the dollar reached record highs against many currencies. Between August and the end of October the dollar rose 8.25 per cent against the yen – a six-year high – six per cent against the Swiss franc, five per cent against the D-Mark to a 14.5-month high, and 4.125 per cent against the pound.

MPs query ban on Sinn Fein

By Margaret van Hattem

THE DECISION by the Home Secretary, Mr William Whitelaw, to ban three Sinn Fein members of the Northern Ireland Assembly from entering Britain has provoked widespread confusion and disagreement at Westminster, cutting across the normal party lines.

It has also prompted an increasing number of questions as to the Government's real motives and reasoning, with conflicting answers emerging from Whitehall departments and members of the Government.

Meanwhile, Mr Ken Livingstone, the Greater London Council leader, announced yesterday that he planned to visit Northern Ireland, as a guest of Sinn Fein, in the New Year.

Exclusion orders against the three men – Mr Gerry Adams, Mr Danny Morrison and Mr Martin McGuinness, were signed on Wednesday following Mr Livingstone's refusal to withdraw his invitations for them to visit London.

MPs from both major parties are questioning Mr Whitelaw's use of the law, and some suggest that the Government has grossly over-reacted to the situation.

Defending Mr Whitelaw's decision in the Commons yesterday, Mrs Margaret Thatcher, the Prime Minister, insisted that he had simply used his powers under the Prevention of Terrorism Act to exclude men whose past involvement in terrorist activities had been established to his satisfaction.

'Split' on trade with East bloc

Continued from Page 1

measures are undoubtedly still ahead of us, but the pipeline crisis as such has fortunately come to an end," Mr Burns said.

It was noted in Bonn that the French had initially objected to President Reagan's announcement because it had made a link which Paris did not accept between the pipeline dispute and Eastern trade restrictions generally.

But following contacts with Paris, Bonn officials gave a strong impression that the French none the less would go along with their other partners. The Germans insist that they have relatively few practical difficulties with the measures.

Opec output 'may need cutting'

BY RAY DAFTER, ENERGY EDITOR

THE ORGANISATION of Petroleum Exporting Countries (Opec) may have to lower its production ceiling in order to prevent oil prices from falling, Dr Mana Said Otaiba, the United Arab Emirates Oil Minister, said yesterday.

The UAE is the latest Opec member to signal its intention to fight to retain the $34m-a-barrel reference price. UAE news agencies reported Dr Otaiba as saying: "Our main worry is defending the crude prices at their present level."

He said that although Opec had set a production limit of 17.5m barrels a day (b/d), the total output of the 13 members was now running at around 19m b/d. As the oil market was in a "deteriorating condition," an increase in output was unwise.

But, he added: "Those who think we are going to reduce the prices should not waste their time in this hope."

Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, met with Sheikh Ali Khalifa Al-Sabah, the Kuwaiti Oil Minister, in a further move aimed at drawing up a strategy for defending prices.

Outside Opec, the free market pressure on prices is continuing. In the U.S., for instance, most major oil companies have just cut the price paid for domestically-produced crude by $1 a barrel.

In the North Sea there is growing speculation that British National Oil Corporation will be forced to lower its prices.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	[illegible]	[illegible]	[illegible]	Dubrovnik	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	[illegible]	[illegible]
Algiers	[illegible]	[illegible]	[illegible]	Faro	[illegible]	[illegible]	[illegible]	Malta	[illegible]	[illegible]	[illegible]	Seoul	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	Florence	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Singapore	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	Frankfurt	[illegible]	[illegible]	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]	Stockholm	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]	Funchal	[illegible]	[illegible]	[illegible]	Mexico C.	[illegible]	[illegible]	[illegible]	Strasbourg	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]	Geneva	[illegible]	[illegible]	[illegible]	Miami	[illegible]	[illegible]	[illegible]	Sydney	[illegible]	[illegible]	[illegible]
Bangkok	[illegible]	[illegible]	[illegible]	Gibraltar	[illegible]	[illegible]	[illegible]	Milan	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]	Guernsey	[illegible]	[illegible]	[illegible]	Montreal	[illegible]	[illegible]	[illegible]	Tel Aviv	[illegible]	[illegible]	[illegible]
Beirut	[illegible]	[illegible]	[illegible]	Helsinki	[illegible]	[illegible]	[illegible]	Moscow	[illegible]	[illegible]	[illegible]	Tenerife	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]	H. Kong	[illegible]	[illegible]	[illegible]	Munich	[illegible]	[illegible]	[illegible]	Tokyo	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]	Innsbruck	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	[illegible]	[illegible]	Toronto	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]	Inverness	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]	Tunis	[illegible]	[illegible]	[illegible]
Blackpool	[illegible]	[illegible]	[illegible]	I.o.Man	[illegible]	[illegible]	[illegible]	New Delhi	[illegible]	[illegible]	[illegible]	Valencia	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]	Istanbul	[illegible]	[illegible]	[illegible]	New York	[illegible]	[illegible]	[illegible]	Venice	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]	Jersey	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]	Vienna	[illegible]	[illegible]	[illegible]
Bristol	[illegible]	[illegible]	[illegible]	Jo'burg	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	[illegible]	[illegible]	Warsaw	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	Las Palmas	[illegible]	[illegible]	[illegible]	Oslo	[illegible]	[illegible]	[illegible]	Zurich	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]	Lisbon	[illegible]	[illegible]	[illegible]	Paris	[illegible]	[illegible]	[illegible]				
B. Aires	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]	Prague	[illegible]	[illegible]	[illegible]				
Cairo	[illegible]	[illegible]	[illegible]	London	[illegible]	[illegible]	[illegible]	Reykjavik	[illegible]	[illegible]	[illegible]				
Cape Town	[illegible]	[illegible]	[illegible]	Los Angeles	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	[illegible]	[illegible]				
Casablanca	[illegible]	[illegible]	[illegible]	Luxembourg	[illegible]	[illegible]	[illegible]	Rio de Ja'o	[illegible]	[illegible]	[illegible]				
Copenhagen	[illegible]	[illegible]	[illegible]	Madrid	[illegible]	[illegible]	[illegible]	Rome	[illegible]	[illegible]	[illegible]				
Corfu	[illegible]	[illegible]	[illegible]	Majorca	[illegible]	[illegible]	[illegible]								
Dublin	[illegible]	[illegible]	[illegible]												

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Toshiba to open W. German plant

Continued from Page 1

This will be Toshiba's fifth overseas-based semiconductor operation and the first in Europe, although last year it signed a technological collaboration agreement with the Italian concern SGS-ATES.

The company declined to be more specific yesterday but it said that over the last three years it had looked at sites in Ireland, Scotland, Spain, Italy and Austria before deciding on West Germany.

The general reasons advanced are familiar. The Federal Republic commands about a third of European demand for semiconductors, has a superior infrastructure, including supplies of skilled labour, and houses Toshiba's biggest European sales office in Düsseldorf.

Braunschweig's particular edge, according to Toshiba, stems from its geographical location (close to Bremen, Hanover, Hamburg and Berlin), the presence of the local technical university, promising quality engineering graduates, and the fact that both the local authorities in Braunschweig and the government of Lower Saxony were very keen to accommodate what will be the first sizeable Japanese plant in the province.

A personal factor, Toshiba executives admitted with a collective smile, was that Mr Teruyuki Nishijima, the executive vice-president in charge of electronics, had studied at Tokyo University under a distinguished Japanese professor, who himself had spent some time at the Braunschweig university.

Employment at the plant will start at 50 people, rise fairly quickly to 100 and should reach 300 within five years. No more than a half a dozen of these, it is expected, will be Toshiba employees sent from headquarters.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday December 10 1982

Philips and Siemens in joint research venture

BY WALTER ELLIS IN AMSTERDAM AND KEVIN DONE IN FRANKFURT

PHILIPS of the Netherlands and Siemens of West Germany, Europe's two largest electrical groups, have announced plans for close cooperation in long-lead research and development.

In a move that Philips believes should help the two companies to compete more effectively against the electrical giants of Japan and the U.S., a team of some 50 scientists will pool their research into fundamental aspects of high technology.

Initially, the annual budget for the joint research is to exceed Fl 10m ($3.74m), but the Dutch partner believes that the deal, already concluded, is "a new phenomenon," the outcome of which cannot be forecast at this stage.

An executive described it as "a gamble," very much in line with the policy outlined several times this year by Dr Wisse Dekker, Philips president, for more cooperation between European companies.

Dr Dekker has spoken of the need for a European-wide effort to strengthen the continent's manufacturers against the Japanese and the Americans.

However, in spite of the optimism contained in the Philips outline, it must be said that the group presently employs some 24,000 people in research and development, with an annual budget of Fl 2.7bn.

Siemens has 30,000 workers in the same area and a budget per year of DM 3.3bn. The Fl 10m or so which is to be spent jointly is therefore small beer indeed and important only if it contains the seeds of something much bigger.

Short-term product development is excluded from the new arrangement, so that Philips and Siemens can be expected to remain fully in competition with each other in the marketplace.

The agreement covers fundamental work in semiconductor materials, micro-electronics, sub-micro-technology, computer-aided design and electronic speech recognition.

The subjects for study were chosen in line with the research priorities of the Dutch and West German Governments and of the European Community, particularly the EEC's European Strategic Programme on Research in information technology.

Philips employs the bulk of its research personnel in its individual industrial sectors. Those working in cooperation with Siemens staff will be drawn from the central research and development laboratories in Eindhoven.

Nimslo bids for Berkey Photo

BY OUR NEW YORK STAFF

NIMSLO, the Atlanta-based maker of 3-D cameras whose shares are traded on London's unlisted securities market, is planning to bid for Berkey Photo, a U.S. film processing and camera retail group. Before yesterday's announcement, Berkey had a stock market value of $30m.

Nimslo has been buying shares in Berkey since the summer, and now has shareholding of around 18 per cent. Berkey said yesterday that it had received an unsolicited proposal for a business combination from Nimslo, for a bid which could consist of cash and stock in Nimslo International.

Nimslo started to market its 3-D camera in the U.S. earlier this year. The company has raised substantial sums of capital in London, and its cameras are being produced in Scotland under an arrangement with Timex.

Berkey had sales of $137m in the first nine months of this year. Another large shareholders is Transamerica Corporation, which has held 7 per cent of the company since 1980.

Mattel in grim video games forecast

By Richard Lambert in New York

ANOTHER major manufacturer of video games has forecast a profits setback in the final quarter of the year. After an unexpectedly grim profits estimate on Wednesday from Warner Communications, the industry leader, Mattel said yesterday that its Intellivision video game system was also heading for lower profits.

But another video game specialist, Coleco Industries, said that its business was in good shape and Toys R Us, a leading toy retail group, said that video game software sales were continuing to do well in the Christmas season.

Announcing third-quarter profits up from $18.8m to $28.8m Mattel warned that fourth-quarter profits would be down on last year's level.

"While shipments of the Intellivision video game system and cartridges are expected to be ahead of the fourth quarter last year, it is likely the company will report a loss for the fourth quarter due to a weak retail environment and increased competition necessitating a substantially higher level of fourth-quarter marketing expenditures," Mattel added.

On Wednesday Warner said its earnings for 1982 would be only about 10 or 15 per cent higher than in 1981, implying a steep fall in profits during the final quarter. This announcement was followed by news that Mr Perry Odak had been relieved of his position as president of the consumer products division at Warner's Atari games subsidiary.

Coleco Industries, which like Atari and Intellivision makes both hardware and cartridges for video games, said its sales for the year would be up from $178m to about $500m and it forecast that sales and earnings in the first quarter of 1983 would be a record for the period.

U.S. CHEMICALS GROUP STRIVES TO REDUCE DEBT

Asset sale is catalyst for Dow

BY CARLA RAPOPORT IN LONDON AND PATRICIA CHENEY IN WASHINGTON

EARLIER this year, a sign went up in Midland, Michigan.

It read:

For Sale: $1bn worth of assets from a major U.S. chemical company. Owner needs to reduce indebtedness, will entertain all reasonable offers. Particularly interested in bids for commodity chemical businesses.

Dow Chemical, America's second largest chemical group after Du Pont, has always been a big borrower. Unlike Du Pont, Dow concluded long ago that inflation was a long-term trend and that borrowers could count on repaying their loans with cheaper dollars.

That strategy is now in shreds. Slumping demand for Dow's commodity chemicals, aggravated by global overcapacity, has put Dow's earnings into a sharp reverse.

Higher interest rates over the past year have escalated the costs of servicing Dow's debt. As a result, the percentage of net interest payments to total operating income began to soar.

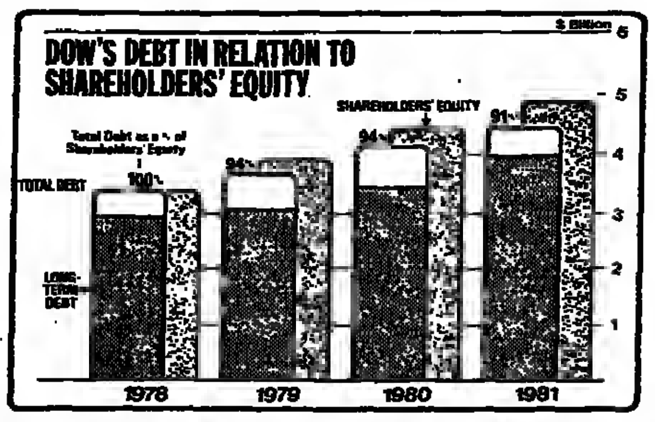
Even though debt as a proportion of net worth (shareholders' equity) has inched down in the past five years, the cost of serving that debt wiped out close to two-thirds of Dow's operating income in the first nine months of 1982.

But executives at the Michigan-based company, which had sales last year of $11.8bn, had done their own projections and were not napping. As the inflation rate started to ease, early this year, Operation Asset Sale went into full swing.

Mr Paul Oreffice, president of Dow, told journalists in Washington yesterday that the company has so far realised $660m from its selling efforts.

These include the disposal of its U.S. oil and gas interests in March, the termination of its Japanese joint venture with Asahi Chemical, and the disposal of its medical technology company, Bio-Science Enterprises.

Mr Oreffice was optimistic about Dow's potential for recovery, saying that the company will enjoy a "substantial" recovery in the second half of 1983, on the back of an improved economic picture worldwide.



Now, however, the company is two-thirds of the way towards its goal of $1bn in asset sales over two years. Total debt, Dow says, is down to around $4bn, from $4.46bn at the end of last year, and its goal is to get down to around $3.5bn by the end of 1983.

What's next to go? Mr Oreffice refused to comment, and Mr Bob Charlton, manager of financial communications for Dow, will say only that the company is "reviewing all operations at home and abroad."

Mindful that the profit side of the equation also needs attention, Dow has also been cutting back its involvement in new petrochemical ventures. In the past few weeks, it has announced that it was pulling out of joint ventures in both Yugoslavia and Saudi Arabia.

"We're hard pressed to get excited about bulk chemicals today with production worldwide running at about 75 per cent of capacity, Mr Charlton says. Dow enjoyed good margins prior to global overcapacity, but now it doesn't make sense to increase our involvement in this area."

Following Dow's exit from the Saudi project, the Saudi Arabia Basic Industries Corporation (Sabic) decided to go ahead with building most of what had been planned by the joint venture.

This project is only one of several new petrochemical plants now under construction in Saudi Arabia today, some with foreign participation.

The Saudi Arabian plants will make use of the country's own cheap feedstock in producing several petrochemicals products, and they are expected to be on stream by 1985.

As a result, Dow is working hard to diminish its dependence on bulk petrochemicals, instead concentrating on its speciality chemical businesses. These include pharmaceuticals, agrochemicals, consumer products, and speciality services.

Dow says it wants to bring bulk chemicals down to less than 50 per cent of its earnings by the end of the decade, from about 60 per cent today. As two-thirds of its research and development budget is devoted to specialty areas, its budget of some $400m last year was increased to $500m this year and should also go up in 1983.

The capital expenditure budget, which has been running at over $1.1bn for the past six years, has not been treated so kindly. This year, Dow has cut back spending to $850m and next year the sum will be $750m.

Where will the cuts fall? "Competition for capital dollars within Dow is global," Mr Charlton says.

The Dow president confirmed yesterday that the company's profits in 1982 would be "lousy." But he said encouraging signs are coming through in some areas of Dow's operations.

"To get a full recovery from Dow, you'd need an overall boost in the economy – and I don't see that happening for some time. To get the company back to a premium rating, they don't just have to get their earnings back up, they have to get them up a lot," says Mr Ed Giles, of Eberstadt, the Wall Street stockbroking firm.

"They've got a long way to go to achieve what they say they want – to become a speciality company. My argument is that you can be 80 to 90 per cent in specialities, but the other 10 per cent can ruin your profit if the economy is depressed," says Mr Stuart Wamsley, director of chemical research at W. Greenwell in London.

But Mr Oreffice remains positive about the chances for economic recovery.

"Our industry trails the economy by about three months," he said.

"We think we will have a decent second half next year. But if the European economy starts picking up a few months after the U.S., I think we stand a chance of 1984 not being the year that Orwell painted but of being a very good year, the year of real recovery for the world's economy."

RECENT DOW CHEMICAL FIGURES ($m)

	1978	1979	1980	1981	1982†
Operating income*	1205	1585	1536	1174	558
Net interest expense	237	272	298	430	367
Interest as a % of operating income	20	17	19	37	66

*includes minorities and sundry income † 9 months

Deutsche Bank in $110m Eurobond

By Peter Montagnon, Euromarkets Correspondent

DEUTSCHE BANK is raising $110m in the Euromarkets through a seven year 11 per cent bond issue priced at par and led by itself.

Like most fixed rate issues for banks these days, the bonds will be subject to an interest rate swap, whereby Deutsche Bank will exchange the obligations for floating rate debt incurred by other unspecified parties. This will give it access to a cheap source of floating rate finance.

Yesterday's issue was launched in partly-paid form with 20 per cent due immediately and the balance next June. The bonds were to a very large extent pre-placed which led to an unusually narrow discount in secondary market trading yesterday as a shortage of the paper developed. It was quoted at a discount of ½ per cent.

This is in striking contrast to the fate of some other recent issues which have been priced below prevailing secondary market yields and slipped immediately to much wider discounts.

Wednesday's $200m, 11⅛ per cent issue for Ontario Hydro was, for example, a slow mover in yesterday's market, trading at one stage at a discount of about 2 per cent from its 99½ per cent issue price. Intervention by lead manager Deutsche Bank brought the discount up to 1⅜ per cent in later trading. Deutsche is said to have bought modest amounts of the paper, probably totalling less than $10m.

Elsewhere Iceland's $50m, 12⅝ per cent 10 year issue was priced yesterday at 98 per cent by leader manager Credit Suisse First Boston, giving it a relatively high yield of 13.12 per cent.

The secondary market yesterday saw some selling pressure in the morning as dealers sought to unload inventory before the year-end. Prices recovered part of their losses during the afternoon to close about ¼ point lower on the day.

In Germany, Swedeo is raising DM 150m through a seven year 8¾ per cent bond issue led by Dresdner Bank. The issue, which is expected to be priced at 99½ per cent, was trading in unofficial dealings yesterday at a discount of 1 per cent. The recent issue for Caisse Nationale de l'Energie of France traded at a discount of ¾ points, according to lead manager WestLB which described the paper as well-placed.

Secondary market prices on both the Swiss and German markets were marked down by up to ¼ point yesterday as the dollar recovered in exchange markets.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. *The following are closing prices for December 9.*

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aetna Life 15 86/87	150	108¾	108⅞	+0¼	+0⅛	11.67
Amex O/S Fin 14⅛ 89	15	105⅝	106⅝	-0⅛	-0½	12.74
Amro Bank 13 89	200	102⅜	103⅜	-0⅛	+1⅛	12.29
BNP Finance 14⅛ 88	150	103⅝	104½	-0⅛	-0¼	13.75
Bk America NT & SA 12 87	200	100½	101	-0¼	+0⅛	11.72
Bk Montreal 14½ 87	100	104	104⅛	-0½	-0⅛	13.11
Bque Indo Suez 15 89	100	105⅝	105⅞	-0⅛	0	13.58
British Col Hyd 14¾ 89	200	108½	109	-0⅛	0	12.63
British Col Hyd 15⅛ 92	150	112¼	112¾	-0⅛	-0½	12.87
Canada 14⅜ 87	750	108⅝	109⅛	-0⅛	-0⅛	11.89
Canadair Ltd 12½ 89	175	101⅝	102⅛	-0⅛	-0½	12.08
Canadian Wheat 11¼ 90	50	97½	98	-0⅛	0	11.70
Can Pac Sec 14⅝ 92	75	105¾	106¼	-0⅛	-0⅛	13.42
Can Pac Sec 15 89	75	105	105½	0	0	13.70
Citicorp O/S 15 84/97	100	104½	105	-0¼	-0¼	13.88
Coca Cola Int 11¾ 89	100	102⅝	103⅛	-0⅛	+0⅛	11.11
Deutsche Bk Fin 14⅛ 89	300	106⅛	106⅝	-0⅛	+0⅛	12.68
Du Pont 11¼ 95	150	97½	98	-0¼	-0⅛	11.60
Du Pont 14½ 89 WW	200	109½	109⅝	-0½	-0⅛	12.62
E.D.C. 10¾ 89	100	96⅞	97⅜	-0⅛	+0⅛	11.51
E.D.F. 12¾ 87	150	100¾	101¼	-0⅛	+0¼	12.44
E.I.B. 15⅛ 92	100	108⅝	109⅛	-0⅛	-0⅛	13.74
Exportfinans 14½ 89	50	104⅛	104⅜	-0¼	-0⅛	13.36
Exp Dev Corp 11¾ 87	100	99⅞	100⅜	-0⅛	+0⅛	11.78
Forsmarks 13⅜ 92	75	101⅞	102⅜	-0½	-0⅛	13.32
Gaz de France 12¼ 93	175	[illegible]	[illegible]	-0½	-0⅛	12.40
Gen Elec Credit 12 89	100	103½	104	-0⅛	-0⅛	11.18
Getty Oil Int 14 89	125	105⅝	106⅛	-0¼	+0⅛	12.56
GMAC O/S Fin 15 91	100	105⅛	105⅝	0	0	13.25
GMAC O/S Fin 15 89	125	106⅜	106⅞	-0⅛	-0⅛	13.35
Gulf Oil Fin 12⅛ 91	100	101⅞	102⅜	-0¼	-0¼	11.62
IBM World Trade 12⅛ 92	200	104⅝	105⅛	-0⅛	-0⅛	11.36
Manitoba Prov 11¾ 89	125	100⅝	101⅛	-0⅛	-0¼	11.55
Manitoba Prov 13⅜ 89	100	104⅞	105⅜	-0¼	-0¼	12.66
Midland Int Fin 11½ 92	150	97¼	97¾	-0¼	-0⅛	11.94
Nat West Fin 11⅜ 92	150	99⅜	99⅞	-0⅛	+0⅛	11.61
New Brunswick 15⅛ 01	75	108	108½	-0¼	+0⅛	12.73
Newfoundland 15½ 90	75	107⅞	108⅜	-0⅛	-0⅛	13.68
Nova Scotia Pr 15⅛ 89	75	110½	111	-0¼	+0½	12.71
Ontario Hydro 12⅜ 92	200	103	103½	-0¼	+0⅛	12.15
Ontario Hydro 14⅜ 88	150	108½	109	-0⅛	-0⅛	12.62
Ontario Hydro 15 92	150	111½	112	-0⅛	-0⅛	12.78
Phillips Petrol 14 89	200	105⅛	106¼	-0¼	-0⅛	12.63
Prudential O/S 12¾ 87	150	104	104½	-0⅜	+0⅛	11.53
Quebec Hydro 11½ 92 D	100	95⅛	95⅝	-0⅛	-0⅛	12.33
R J Reynolds 12¾ 88	100	102⅜	102⅞	-0¼	-0¼	12.14
Saskatchewan Prov 15 02	150	108⅝	109⅛	-0½	-0⅛	13.15
Shell Canada 14⅝ 92	125	105⅝	106⅛	-0⅛	-0⅛	13.10
Superior O/S Fin 14 89	125	105⅝	106⅛	-0⅛	+0⅛	12.57
Swed Exp Credit 14⅝ 90	100	104½	105	-0¼	-0⅛	13.64
Texas Eastern 15⅛ 89	60	108⅝	109⅛	-0⅛	-0⅛	13.52
U B S 10⅛ 07	200	102⅜	102⅞	-0½	+2¼	10.84
U.B.S. 11 89	150	102½	103	-0⅛	+2⅛	10.42
Walt Disney Pro 12½ 89	75	103	103½	-0¼	+0⅞	11.71
World Bank 13⅛ 01	300	103⅜	104⅛	-0⅜	0	12.04
World Bank 15 91	250	109⅛	109⅝	-0½	-0½	12.35
World Bank 15 88	150	108⅝	109⅛	-0⅛	-0⅛	12.65

Av. price changes: on day -⅛, on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Aeroport Paris 8⅛ 92	80	99⅝	100⅛	-0⅛	+0⅛	8.23
Asian Dev Bank 8⅛ 92	150	97¼	97¾	-0⅛	+0⅛	8.61
Asian Dev Bank 8⅛ 92 (AG)	150	103⅞	104⅜	-0⅜	+1⅛	8.61
Australia 7¾ 92	200	103	103¼	+0⅛	+1⅛	7.26
Austria 8⅜ 02	100	101⅛	101⅝	0	-1⅛	8.10
Barclays O/S Inv 8⅜ 94	100	101⅛	102½	0	+1	8.12
Bayer Capital 7⅝ 89	150	99⅞	100⅜	-0⅛	0	7.60
Beecham Fin 8⅛ 92	125	102⅛	102⅝	-0⅛	+0⅞	7.75
Black & Decker 8⅛ 89	100	104½	105	0	+0⅛	8.17
Bowater Int Fin 8½ 89	50	101⅛	102⅛	+0⅛	-2⅛	8.05
Corse Nat Tele 8⅛ 92	100	103⅛	104⅛	0	-0⅛	8.09
E.C.S.C. 8 94	200	100¼	100¾	-0⅛	-1⅛	7.83
E.E.C. 8 94	200	100⅝	100⅞	-0⅛	-0⅛	7.81
E I B 8⅛ 92	200	101⅛	101⅝	-0⅛	-0⅛	8.09
E I B 8⅛ 92	100	101½	102	0	-0⅛	8.07
ITT Antilles 8⅛ 92	100	106⅛	107⅛	-0⅛	-0⅛	8.28
Mitsubishi Heavy 7⅝ 91	150	98⅛	98⅝	-0⅛	-0½	7.72
Norsk Hydro 8½ 92	100	103¼	104	+0⅛	-0⅛	7.93
Norsk Hydro 8 92	100	104⅛	105⅛	-0¼	-0⅛	8.10
O K B 8⅛ 89	100	101½	102⅛	-0⅛	-0⅛	8.41
Philips Lamps 8½ 92	100	105⅛	106⅛	-0⅛	-0⅛	7.82
S N C F 8⅛ 92	100	101⅛	101⅝	0	-0⅛	8.38
Tenneco Int 8 92	100	105⅛	106⅛	-0⅛	-1⅛	8.03
World Bank 8 92	200	104⅞	105⅜	-0¼	-0⅛	8.22

Av. price changes: on day -⅛, on week -⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Austrian Elec 6⅛ 92	100	102⅞	103¼	-0⅛	-0⅛	6.32
B F C E 6⅛ 92	100	100	100¼	-0½	-0⅛	6.23
City of Oslo 6⅛ 92	100	103¼	103⅛	0	-0⅛	5.79
E E C 6⅛ 92	100	101⅞	102⅛	0	+0⅛	5.97
E I B 6⅛ 97	100	101½	102¼	-0⅛	-0⅛	5.87
Elec de France 6⅛ 92	100	103⅛	104	-0⅛	0	6.32
Elec Power Dev 6⅛ 92	100	104⅛	104⅝	-0⅛	-0⅛	5.88
Europarat 6⅛ 92	100	101⅜	102⅛	+0⅛	+1⅛	6.42
Ind Bk Japan 6⅛ 92	100	101⅞	102⅛	-0⅛	0	5.97
Japan Air Lines 6 94	100	102⅛	102⅝	-0⅛	0	5.70
Kawasaki Steel 6⅛ 92	100	101⅛	101⅞	-0⅛	-0⅛	6.32
KLM Dutch Air 6⅛ 92	80	101⅛	101⅝	-0⅛	+0⅛	6.08
Koa Oil Co 7 92	75	102⅝	103⅛	-0⅛	-0⅛	6.55
Mont Blanc Tun 7⅛ 92	70	104⅛	104⅝	-0⅛	-0⅛	6.46
Montreal Urban 5⅛ 92	100	103⅛	103½	-0⅛	+0⅛	6.03
Morgan Konstabl 6⅛ 92	100	102⅛	103⅛	-0½	-0⅛	5.84
N.Y.K. 6⅛ 92	100	101⅛	101⅝	0	-0⅛	6.55
Philip Morris 5⅛ 92	100	101	101⅛	-0½	-0⅛	5.78
Philips Lamps 5⅛ 92	100	102⅛	102⅝	-0⅛	0	5.41
Sumitomo Metal 6⅛ 02	100	101⅞	102⅛	-0⅛	-0⅛	6.46
Swed Exp Cred 7⅛ 91	100	102⅜	103⅛	-0⅛	0	6.61
Sweden Kingdom 5⅛ 92	100	97¼	97¾	-0½	-0⅛	6.10
TNT O/S Fin 6⅛ 92	100	100⅛	101⅛	0	-0⅛	6.72
Tokyo Elec Power 5⅛ 92	100	100⅛	100⅝	-0½	-0⅛	5.81
Tokyo Metropolis 5⅛ 92	100	99½	99⅞	-0¼	-0⅛	5.42
World Bank 6⅛ 92	100	102⅞	103⅛	-0½	-0⅛	5.84

Av. price changes: on day -⅛, on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 8⅛ 92	15	104⅝	105⅛	-0⅛	-0⅛	7.87
E.I.B. 8⅛ 92	15	101⅛	101⅝	-0⅛	+0⅛	8.01
Japan Airlines 7⅛ 92	8†	100⅛	101¼	0	-1⅛	7.57
New Zealand 8⅝ 87	15	101¾	102¼	0	-0⅛	7.01
World Bank 8½ 92	20	101⅞	102⅜	-0⅛	0	8.01

Av. price changes: on day 0, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Brit Col Tel 11⅛ 88 CS	50†	111½	112½	+0½	+0⅛	14.01
Can Utilities 17 81 CS	35†	112⅛	113½	+0⅛	+1	13.85
Gaz de France 15 89 CS	75†	104	104⅛	0	+5⅛	13.88
Gaz Metro 17⅛ 90 CS	20†	109	109½	+1⅛	+2⅛	15.12
O.K.B. 16⅛ 88 CS	83†	108½	109	-0⅛	+0⅛	13.81
Quebec Hydro 14 92 CS	60†	105½	106	0	+0⅛	12.83
Univ Quebec 16⅛ 87 CS	11†	103	103½	0	0	15.48
E.I.B. 12⅛ 90 Ecu	60	102⅛	103⅛	-0⅛	-0⅛	12.27
Amro Bank 9⅛ 87 Fl	100	104⅛	105	-0⅛	+1⅛	8.28
Bk Mees & Hope 10 87 Fl	15	106⅛	106⅝	+0⅛	+2⅛	8.29
Nedlloyd Grp 10⅛ 87 Fl	75	107⅛	107⅝	+0⅛	+3⅛	8.39
Searl O/S 10⅛ 87 Fl	100	107½	108	+0⅛	+1⅛	8.28
Van Lanschot 10⅛ 87 Fl	50	106⅛	106⅝	+0⅛	+1⅛	8.54
World Bank 10 87 Fl	100	106⅛	107⅛	+0⅛	+2⅛	8.20
O.K.B. 14 86 FF	400	97⅛	98⅛	0	+0⅛	14.82
Solvay & Cie 14⅛ 86 FF	200	96⅝	97⅝	0	+0⅛	15.80
B.F.C.E. 14½ 87 £	30	105⅛	106⅛	-0⅛	-1⅛	12.86
B.N.P. 13½ 91 £	15	100⅛	102⅛	-0⅛	-1	13.17
C.E.C.A. 13½ 88 £	20	98⅛	101⅛	-0⅛	-1⅛	13.32
C.N.T. 12½ 88 £	20	96⅝	97⅛	-1⅛	-1⅛	13.11
Fin Fox Ind 12⅛ 88 £	30	97⅛	98⅛	-1⅛	-2⅛	12.83
Fin Mat Oranj 12½ 92 £	30	22	23	-0⅛	-1⅛	13.18
Gen Elec Co 12⅛ 88 £	50	100⅛	101⅛	-0⅛	-0⅛	12.28
Hiram Walker 14⅛ 86 £	25	103⅛	105⅛	-0⅛	-0⅛	12.45
Mort Bk Fin 11⅛ 88 £	15	22	23	-0⅛	-1⅛	13.58
Norsk Hydro 14½ 87 £	30	105⅛	106⅛	-0⅛	-0⅛	12.66
Quebec 14½ 89 £	30	102⅛	103⅛	-0⅛	-1⅛	13.86
Quebec 15½ 87 £	35	106⅛	109⅛	-0⅛	-1⅛	12.88
S.O.R. France 15⅛ 92 £	30	103⅛	104⅛	-0⅛	-0⅛	14.64
S.N.C.F. 11⅛ 89 £	30	18⅛	20⅛	-0⅛	-4⅛	12.70
Tenneco Int 14⅛ 87 £	30	102⅛	103⅛	-0⅛	-2⅛	13.70
World Bank 11⅛ 81 £	75	23⅛	24⅛	-0⅛	-1⅛	12.64
Eurofima 10⅛ 81 LuxFr	500	99	100	-0⅛	+0⅛	10.62
Europarat 12⅛ 92 LuxFr	500	104⅛	105⅛	-0⅛	-0⅛	11.59

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
Allied Irish 5⅛ 92	0⅛	97⅛	98⅛	15/4	10⅛	10.84
Bank of Tokyo 5⅛ 81 (D)	0⅛	99½	100	10/6	9⅛	8.77
Bank Nova Scotia 5⅛ 93	0⅛	99	99½	29/4	10⅛	10.58
B.F.C.E. 5⅛ 88	0⅛	99⅛	100⅛	28/4	10.89	10.87
B.F.C.E. 5⅛ 87	0⅛	99⅛	100⅛	27/1	14	13.98
Caisse Nat Tele 5⅛ 90	0⅛	99⅛	100⅛	21/4	10.58	10.55
C.C.C.E. 5⅛ 2002	0⅛	98⅛	99⅛	11/12	15⅛	15.55
Cepme 5½ 92	0⅛	98⅛	100⅛	10/12	15.44	15.46
Chemical NY 5⅛ 94 ††	0⅛	98⅛	98⅛	23/12	12⅛	12.42
Credit Agricole 5⅛ 97	0⅛	100⅛	100⅛	24/3	12⅛	12.83
Credit du Nord 5⅛ 92	0⅛	99⅛	99⅛	23/12	10.81	10.90
Credit Lyonnais 5⅛ 97	0⅛	100⅛	100⅛	1/4	12.10	12.11
Credit Lyonnais 5⅛ 94	0⅛	99⅛	100⅛	1/1	10.84	10.82
Credit Nat 5⅛ 94 ††	0⅛	99⅛	100⅛	8/3	12.18	12.18
Kansallis Osake 0⅛ 92	0⅛	99⅛	100⅛	8/5	10.06	10.06
Lloyds Eurofin 0⅛ 93⅛	0⅛	100	100⅛	29/4	10.56	10.54
Long Term Cred 5⅛ 92	0⅛	99⅛	100	27/5	10⅛	10.15
J.P. Morgan 5⅛ 97 §	0⅛	99⅛	99⅛	14/2	10.08	10.10
Nat West Fin 5⅛ 91 §	0⅛	100⅛	100⅛	15/1	15⅛	15.16
New Zealand 5⅛ 88	0⅛	100⅛	100⅛	7/4	12⅛	12.42
Nippon Credit 5⅛ 90	0⅛	100⅛	100⅛	18/2	13⅛	13.79
Offshore Mining 5⅛ 91	0⅛	99⅛	100⅛	2/8	10.44	10.44
PKbanken 5 01	0⅛	99⅛	99⅛	17/12	15.81	15.87
Scotland Int 5⅛ 92	0⅛	99⅛	100⅛	23/3	13⅛	13.25
Sec Pacific 5⅛ 81	0⅛	99½	100	24/5	10.86	10.89
Société Générale 5⅛ 95	0⅛	99⅛	100⅛	1/2	12.81	12.81
Standard Chart 5⅛ 91	0⅛	99⅛	100⅛	18/5	10.83	10.87
Sweden 5⅛ 89	0⅛	99⅛	100⅛	26/2	11.81	11.88
Toronto Domin'n 5⅛ 92	0⅛	99⅛	99⅛	11/2	14.31	14.40

Av. price changes: on day 0, on week +⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	1/81	933	86	87½	-1⅛	1.87
Bridgestone Tire 5⅛ 96	3/82	470	97⅛	98⅛	+1⅛	-0.45
Canon 7 01	1/82	748.2	162⅛	163⅛	-3⅛	-2.33
Chugai Pharm 7⅛ 96	1/82	798.5	156	158	-8⅛	-8.39
Fujitsu Fanuc 4⅛ 96	10/81	5614	97⅛	98⅛	-1⅛	15.86
Furukawa Elec 5⅛ 96 †	1/81	300	100	102	-2	0.18
Hitachi Cable 5⅛ 96	2/82	515	93	94⅛	-1⅛	-2.63
Hitachi Credit Corp 5 00	7/81	1612	81⅛	83⅛	-3⅛	5.21
Honda Motor 5⅛ 97	3/82	835.5	114⅛	116⅛	-8⅛	8.17
Kawasaki 5⅛ 96	9/81	229	96	97⅛	0	24.81
Kumagai Gumi 6⅛ 92	10/82	488	107⅛	108⅛	-2⅛	-1.52
Marui 6 96	1/81	845.4	110	111⅛	-2⅛	-1.12
Minolta Camera 5 96	10/81	626.4	67	69⅛	0	22.27
Minorco 8⅛ 97	5/82	8.18	123	125	0	-9.38
Murata 5⅛ 96	7/81	1073	86⅛	87⅛	-1⅛	9.61
NKK 8⅛ 96	7/81	188	74⅛	76⅛	-1⅛	22.81
Nippon Electric 5⅛ 97	2/82	804.2	111	112½	-2	3.22
Olympus Optical 6⅛ 97	12/82	1331	104	105⅛	-2⅛	-1.08
Orient Finance 5⅛ 97	3/82	1205	104⅛	105⅛	-8⅛	-0.12
Sanyo Electric 5 96 †	10/81	652	78	79⅛	-5⅛	8.48
Sumitomo Electric 5⅛ 97	3/82	577.3	91	92⅛	-3⅛	8.41
Sumitomo Metal 5⅛ 96	10/81	296.1	61⅛	62⅛	-1⅛	20.48
Mitsui 0⅛ 92 SF	10/82	553.7	117	119	-8⅛	-3.41
Konishiroku 6⅛ 89 DM	6/82	616	114⅛	115⅛	-1⅛	-8.86
Mitsubishi Heavy 0 89 DM	2/82	263	100⅛	101⅛	-0⅛	13.79

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES and FINANCE

CGE expects exports to boost sales and orders

BY DAVID MARSH IN PARIS

COMPAGNIE Générale d'Electricité, the French electrical conglomerate which is the high flier among those companies taken over by the state this year, expects to boost consolidated sales this year to about FFr 65bn ($9.4bn), up 14 per cent on 1981.

The company said in an interim report that its order book would rise even more strongly, from FFr 65bn to FFr 83bn (up 28 per cent), thanks above all to success on export markets.

Group industrial investments in 1982 would also be up 28 per cent from 1981 at FFr 2.4bn, while spending on research and development would grow by 24 per cent to FFr 2.5bn.

The report gave no indication of expected group profit for the year, which was FFr 586m in 1981. But results for the parent company, after excluding changes due to asset sales and acquisitions, would be little changed from last year's FFr 238m, it said.

CGE is the only one of the major industrial companies taken into state ownership likely to show a clear-cut profit trend this year.

Saint Gobain, whose basic manufacturing operations are still in the black, has just declared an exceptional FFr 699m loss for the first half resulting from provisions following its withdrawal from the computer business.

CII-Honeywell Bull and the Thomson group are making large losses principally caused by their electronics activities, while Rhône-Poulenc and Pechiney Ugine Kuhlmann are running up deficits in chemicals and aluminium.

The CGE report said this year's anticipated sales rise would be split equally between increases due to the entry of new companies into the group, and the activities of existing members.

It cited as the most important export orders received during the year contracts for a nuclear power plant being built in South Korea; for electrical equipment in Indonesia, Brazil, Iraq and Saudi Arabia; building work in Singapore, Malaysia and Bahrain; the telephone deal with India clinched by its CIT Alcatel subsidiary; and submarine cable work in South-East Asia.

Foreign orders totalled 48 per cent of contracts received by the group in 1982, against 40 per cent in 1981.

The total of group employees would rise to 191,000 at the end of 1982, up from 180,000 a year earlier it added.

Gulf & Western earnings fall

BY PAUL TAYLOR IN NEW YORK

GULF & Western Industries, the diversified U.S. industrial group, has reported a decline in fiscal first quarter earnings ending October 31

However, the latest figures, bolstered by lower interest rates and record first quarter earnings from the company's financial services group, are a significant improvement over those in the last quarter of 1982.

Earnings from continuing operations and net earnings fell by 26 per cent to $60.8m or 75 cents a share fully diluted compared with $82.2m or $1.00 a share in the same period last year.

In the first quarter of fiscal 1982 a $10.59m loss from discontinued operations made a final net earnings figure of $71.6m or 87 cents a share on a fully diluted basis.

Net earnings in the latest period include a $16.7m gain from the recovery of the temporary reduction in value of marketable securities held on July 31 and realised gains of $13.6m from the disposal of securities.

Sales for the first quarter were $1.24bn compared with $1.32bn in the same period last year. The company said six out of its seven operating groups were profitable in the latest quarter. The exception was the natural resources group which posted a loss as a result of continued weakness in the zinc market and declines in chemical operations.

In the final 1982 quarter the company reported income from continuing operations of $36.67m or 47 cents a share.

The company said the substantial improvement reflected lower interest rates, lower outstanding debt and the company's participation in a stronger securities market, together with some improvement in business conditions for some of its operations.

Gulf & Western added that it had entered the fiscal 1983 year with a strengthened balance sheet and increased working capital. The company's divestiture programme of assets which no longer fitted into the long term strategy have resulted in $500m of proceeds over the past year.

Lafarge chief takes a year to plan

BY DAVID WHITE IN PARIS

M OLIVIER LECERF, who masterminded the Lafarge cement group's recent diversification into biotechnology, is to stand down temporarily from the chairmanship next year to study future strategy.

He is changing places with M Jean Bailly, one of the two vice-chairmen who have flanked him at the head of the group since 1974.

Announcing this unorthodox move, M Lecerf was anxious to emphasise that he was neither leaving his job nor taking a year off.

The company said that the temporary reorganisation was aimed at relieving M Lecerf of the legal obligations attached to the chairmanship. A wide range of visits had been planned for next year, especially in Japan, south-east Asia and North America, where Lafarge is already strongly represented.

M Lecerf would continue to participate in decision-making and planned to resume the chairmanship at the beginning of 1984, it said. Following the takeover of the Belgian Coppée group in 1980, a plan for the enlarged group had to be drawn up for the remainder of the decade.

In the first half of this year Lafarge Coppée's sales were 26 per cent up at FFr 7.8bn ($1.1bn) but consolidated profits, hit by a poor construction market in North America, fell almost 40 per cent to FFr 84m.

Hong Kong property group omits interim

By Robert Cottrell in Hong Kong

HONG KONG'S World-Wide Properties Corporation has passed its interim dividend, reflecting difficulties being faced by many companies in the troubled sector.

World-Wide is coincidentally linked through cross-directorships and nominee shareholding with Dollar Credit, a deposit-taking group which announced recently that it could not meet its liabilities as they fell due.

World-Wide saw a strong year in 1981 with the completion of its major project, United Centre, but the interim figures to September 30 reflect an abrupt slowdown of activity since.

Sales for the half fell from HK$ 1.2bn (U.S. $184m), in 1981 to HK$ 35.4m in 1982. Profits after tax of HK$ 23.3m are supplemented by a HK$ 74.9m extraordinary gain on share sales, to yield an attributable total for the half of HK$98m, against the previous year's HK$ 231.7m.

The board, which at last year-end forecast a distribution of at least 15 cents for the current year, says the interim dividend has been passed to conserve liquidity.

Another property and construction company, Hsin Chong Holdings, has cut its interim dividend to 2.5 cents from the previous year's adjusted five cents. The board cites "the uncertain economic outlook."

For the six months to end-September, Hsin Chong reports profits after tax of HK$ 53.6m against the previous year's HK$ 84.8m at the halfway stage. Adjusted earnings per share fell from 37.2 cents to 28.6 cents.

The construction group, Paul Y, meanwhile, has seen profits move ahead for the same period, up to HK$ 33.6m after tax, against a year earlier's HK$ 25.8m at the halfway stage. The interim dividend is raised from an adjusted 5.25 cents to seven cents.

Jack Chia (International) whose interests include Span Property and Pharmaceuticals, has forecast a near-halved dividend for the current year, together with declared interim profits to end-September down 80 per cent.

Attributable profits for 1982 fell to HK$ 2.7m, against a prior year HK$ 13.3m.

The downturn reflects associate losses and the absence of extraordinary gains – last year's interim figure included a profit on restructuring of the group's stake in Haw Par.

INTERNATIONAL APPOINTMENTS

Amax makes changes in senior posts

● Mr John Towers, president and chief operating officer, AMAX INC, Connecticut, has announced he will retire on December 31. He will continue as a member of the board and has been elected chairman of its executive committee. Mr Pierre Gousseland, chairman and chief executive officer, will assume the additional duties of president and chief operating officer. Mr John W. Goth and Mr Elwin E. Smith were named senior executive vice-presidents and group operating officers. Together with Mr Gousseland, Mr Goth and Mr Smith are members of the executive office. The company also announced five other senior management promotions. Mr Lowry Blackburn becomes executive vice-president responsible for overall operations within the company's energy and chemicals group. Mr Rolf Gensler was appointed executive vice-president responsible for overall operations within the metals group. Mr Martin V. Alonzo was named executive vice-president in charge of specialty and light metals. Mr Malcolm B. Bayliss was made executive vice-president and general counsel responsible for government relations and legal matters. Mr David George Ball was promoted to senior vice-president and secretary with responsibility for corporate communications, investor relations and corporate secretarial matters.

● Mr David Caruth, a senior partner of LINKLATERS AND PAINES, will be moving to the New York office in May to take charge of the firm's office there. He will be resigning his directorships of Bradbury Wilkinson, Allstate Insurance and Matthew Hall.

● Mr John S. Reed, who intends to retire as chairman of SANTE FE INDUSTRIES next year, Mr John J. Schmidt, president, will be his successor. Mr W. J. Swartz will succeed Mr Schmidt as president.

● Mr Robert S. Webb has been named general sales manager of CHICAGO BRIDGE AND IRON COMPANY. Mr Webb, a vice-president, moves to the company's general offices in Chicago, from San Francisco, where he was western area sales manager.

● PROCON INTERNATIONAL INC., Illinois, has named Mr Edward J. Lanigan vice-president, finance and administration with responsibility for all financial and accounting activities for Procon and its worldwide subsidiaries as well as corporate administration functions.

● Mr Manuel Quartin Bastos, deputy general manager of the London branch of BANCO TOTTA AND ACORES for the past six years, will shortly be leaving for San Francisco where he becomes general manager and agent of Banco Totta's future agency in California.

● Mr Yousef Shirawi, Bahrain's Minister for development and industry, has succeeded Mr Sayed Mahmoud al Alawi as chairman of ALUMINIUM BAHRAIN. The Minister for Commerce and Agriculture, Mr Habib Kassem, becomes vice-chairman, and Shaikh Isa bin Abdulla al Khalifa, under-secretary at the Development Ministry, has joined the board as a director, on Mr Sayed Mahmoud's retirement. New appointments have been made on a provisional basis at BAHRAIN NATIONAL OIL COMPANY (Banoco) and BAHRAIN NATIONAL GAS COMPANY (Banagas) following the sudden resignation of Mr Hassan Fakhro, who co-ordinated the functions of chairman and managing director of both companies. A finance ministry official, Shaikh Ibrahim bin Rashid al Khalifa, has taken over at Banagas while an assistant under-secretary at the ministry of education, Mr Hamed Rumaihi, has assumed responsibility for Banoco.

● Mr Thomas C. Williams, general manager—Europe for ANZ BANK will be retiring in March. Mr Roland Isherwood, currently general manager of ANZ Finance (Far East), Hong Kong, will succeed him. He in turn will be succeeded by Mr Peter J. Burchette, senior manager—international, London. Mr Aston E. Archer, currently manager—international, London, will succeed Mr Peter H. Peate as chief manager of ANZ, Singapore in January.

● Ms Beverly Sills who for the last three years has been the general director of the New York City Opera, has been elected a director of WARNER COMMUNICATIONS INC.

● MAY PETROLEUM INC, Dallas, has promoted Ms Betty Clark to land manager Gulf Coast division and Ms Kay Morelock to land manager central division. Mr Guy T. Gholston joined May as Assistant Controller in the general accounting area.

BASE LENDING RATES

A.B.N. Bank	10 %	■ Guinness Mahon	10 %
Allied Irish Bank	10 %	■ Hambros Bank	10 %
Amro Bank	10 %	Hargrave Secs. Ltd.	10½%
Henry Ansbacher	10 %	Heritable & Gen. Trust	10 %
Arbuthnot Latham	10 %	■ Hill Samuel	§10 %
Armco Trust Ltd.	10 %	C. Hoare & Co.	†10 %
Associates Cap. Corp.	10 %	Hongkong & Shanghai	10 %
Banco de Bilbao	10 %	Kingsnorth Trust Ltd.	11 %
Bank Hapoalim BM	10 %	Knowsley & Co. Ltd.	10½%
BCCI	10½%	Lloyds Bank	10 %
Bank of Ireland	10 %	Mallinhall Limited	10 %
Bank Leumi (UK) plc	10 %	Edward Manson & Co.	11 %
Bank of Cyprus	10 %	Midland Bank	10 %
Bank Street Sec. Ld.	10½%	■ Samuel Montagu	10 %
Banque Belge Ltd.	10 %	■ Morgan Grenfell	10 %
Banque du Rhone	10½%	National Westminster	10 %
Barclays Bank	10 %	Norwich Gen. Tst.	10 %
Beneficial Trust Ltd.	10½%	P. S. Refson & Co.	10½%
Bremar Holdings Ltd.	11 %	Roxburghe Guarantee	10½%
Brit. Bank of Mid. East	10 %	Royal Trust Co. Canada	10 %
■ Brown Shipley	10½%	Slavenburg's Bank	10 %
Canada Perm't Trust	10½%	Standard Chartered	‖10 %
Castle Court Trust Ltd.	10½%	Trade Dev. Bank	10 %
Cavendish Gty Tst Ltd.	10½%	Trustee Savings Bank	10 %
Cayzer Ltd.	10 %	TCB	10 %
Cedar Holdings	10 %	United Bank of Kuwait	10 %
■ Charterhouse Japhet	10 %	Volkskas Intl. Ltd.	10½%
Choulartons	10½%	Westpac Banking Corp.	10 %
Citibank Savings	¶ 9 %	Whiteaway Laidlaw	10½%
Clydesdale Bank	10 %	Williams & Glyn's	10 %
C. E. Coates	11 %	Wintrust Secs. Ltd.	10 %
Comm. Bk. of N. East	10 %	Yorkshire Bank	10 %
Consolidated Credits	10 %		
Co-operative Bank	*10 %		
The Cyprus Popular Bk	10 %		
Duncan Lawrie	10 %		
E. T. Trust	10 %		
Exeter Trust Ltd.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	11 %		
Grindlays Bank	‡10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.5%. 1-month 7.75%. Short-term £8,000/12-months 7.5% 9.1%.
† 7-day deposits on sums of: under £10,000 6¾%, £10,000 up to £50,000 7¼%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6¾%.
§ 21-day deposits over £1,000 7¾%.
‖ Demand deposits 6¾%.
¶ Mortgage base rate.

INTERNATIONAL COMPANIES and FINANCE

THREE SENIOR STOCKBROKERS LOSE LICENCES

Kuala Lumpur SE shake-up begins

BY WONG SULONG IN KUALA LUMPUR

THE Malaysian Government has begun a major shake-up of the Kuala Lumpur Stock Exchange by forcing three senior stockbrokers to cease trading.

At the same time, it is putting through Parliament a bill giving it extensive powers to regulate trading in securities, including the appointment of Government nominees to the board of the KLSE.

The three brokers, whose application for renewal of their trading licence was rejected by the Registrar of Companies, are Mr Jimmy Tan Soo Sum, deputy chairman of the exchange, Mr Hwang Sing Lue, a committee member, and Mr Fung Yan Khai, also until recently a committee member.

Their removal came shortly before members of the KLSE were due to meet this Saturday to elect a new management committee. This has thrown considerable uncertainty and confusion into the election as Mr Jimmy Tan was widely tipped to become the new chairman following the departure of Tengku Noone, who has to retire, under the regulations, as he had served six years.

A senior government official said licences of the three were not renewed because the authorities have reasons to believe they, without authorisation, appointed agents to trade in smaller towns not served by registered brokers.

The three are contesting this allegation and have one month to appeal to the Minister of Trade and Industry against the decision by the Registrar.

The official said the shake-up in the exchange should be viewed as part of the continuing efforts of Prime Minister Mahathir's Government to instil "clean, efficient and trustworthy" administration throughout the country.

The Government is known to have been unhappy with the running of the KLSE for a long time, in particular with the reluctance of the exchange to take action against members indulging in questionable trading practices, its closed-shop policy, and what it regards as a general lack of professionalism.

The amendments to the Securities Industry Act of 1973 run to more than 190 pages and will be debated in Parliament tomorrow.

It gives the Finance Minister, and the Capital Issues Committee, extensive powers to shape the management of the exchange, to intervene in the market and to make rules and regulations.

There are provisions to curb short selling, bogus trading market manipulation, false or misleading statements and dealings by corporate officers in securities. Heavier penalties for such offences are proposed.

The government would still prefer the KLSE to regulate itself as far as possible, but it believes legislation is needed to give the authorities power to ensure healthy growth in the securities industry and to improve protection of smaller investors.

Slow advance at Rembrandt Group

By Our Johannesburg Correspondent

REMBRANDT GROUP, the diversified South African liquor and tobacco conglomerate, advanced slowly in the six months ended September 30. First-half pre-tax profits after Lifo (last-in first-out) accounting adjustments rose by 3.6 per cent to R90m ($83m) from R86.9m a year earlier.

The pre-tax figure was struck after a R14.2m Lifo adjustment compared with a corresponding R10.9m adjustment in 1981. In the year ended March Rembrandt reported pre-tax profits of R178.3m, calculated after the deduction of a R25.3m Lifo adjustment.

The directors made no forecast for the second half. The interim dividend has been increased to 30 cents a share from 23 cents, while first-half earnings rose to 206 cents a share from 146.9 cents.

The year ended March resulted in earnings of 392.2 cents a share and a total dividend of 48 cents a share.

The company's cigarette operations include a major stake in Rothmans International.

Strong interim profit and sales growth at Kyocera

BY YOKO SHIBATA IN TOKYO

KYOCERA, the world's dominant supplier of ceramic packages for integrated circuits, and its 16 consolidated subsidiaries lifted net profits by 56 per cent to record Y9.89bn ($39.6m) for the first half ended September. Pre-tax profits were Y18.9bn against Y13.05bn and consolidated half-year sales were 11.7 per cent higher at Y84.3m ($337.2m).

The recovery of orders for IC packages from U.S. and European semiconductor makers lasted for only the first three months of the period. As a result, sales of IC packages were lower than expected increasing by only 25.3 per cent to account for 49.6 per cent of the total turnover.

Vigorous demand from consumer electronics products pushed up sales of components by 37.2 per cent to account for 15.1 per cent of the total turnover. Sales of ceramics for industrial machinery rose by 10 per cent to account for 9 per cent of the total turnover.

Sales of a new product, "Bioceram," a replacement material for human teeth and bones rose by 71.6 per cent to account for 0.9 per cent of the total turnover.

Overseas sales surged by 15.6 per cent to account for 57 per cent of the total turnover. The company's U.S. subsidiaries such as Kyocera International and Dexcel fared well.

For the second half ending March the company forecasts a downturn in IC package exports, due to the slowdown of the U.S. semiconductor production. Sales from newly absorbed companies such as Cybernett and Emcon are expected to contribute to sales.

On an unconsolidated basis, Kyocera's full year sales are projected at Y138.8bn, up by 36 per cent from the previous fiscal year. Full-year unconsolidated pre-tax profits are expected to reach Y36.3bn, up 35 per cent, and net profits Y17.6bn, up by 30 per cent.

The company, formerly known as Kyoto Ceramic reported unconsolidated first-half net profits of Y7.98bn, up 20.1 per cent, pre-tax profits of Y16.53bn, up 30.6 per cent and sales of Y56.87bn, up 14.3 per cent.

Hardie maintains income despite building downturn

BY LACHLAN DRUMMOND IN SYDNEY

THE DOWNTURN in the Australian building industry has restricted James Hardie Industries to a marginal 1 per cent improvement in net earnings to A$18.24m (U.S.$17.5m) for the half year to September 30.

Hardie, which has almost two-thirds of its operations related to supplying the building industry, saw sales advance by 10 per cent to A$508.6m in the period and says results were hit by a "sudden and substantial" downturn in the second quarter.

As well as the soft building products market, Hardie also saw demand slacken for its automotive brake linings, although railway brake block operations performed well. All areas, and particularly paper and packaging, were profitable.

The company is pleased with further testing of its asbestos-free railway brake blocks in the U.S. and is pushing into export markets, notably Chile.

The profit was struck after an increase in interest charges from A$13.96m to A$16.46m, which reflected higher rates and a A$27m increase in borrowings on top of the roughly A$200m of debt outstanding at the beginning of the year. Most of the funds went on acquisitions.

The New Zealand offshoot, James Hardie Impey, had earlier reported a 14 per cent profit rise to A$3.5m and is said still to be performing well.

The company does not expect to maintain annual profits at last year's A$41m but has held the interim dividend at 11 cents on its one-for-four bonus increased capital as a mark of its confidence in the longer term.

U.S. group to overhaul Myer property business

BY OUR SYDNEY CORRESPONDENT

MERRILL LYNCH, the U.S. securities house, has been appointed to overhaul the financial structure of the ailing Myer Emporium retailing group in Australia.

The appointment provides the local Merrill Lynch offshoot with its first major venture into the corporate finance. It will be to shake up Myer's near A$600m property portfolio in an attempt to produce the debt built up by the company in a recent run of mostly unsuccessful diversifications.

At its July balance date, Myer had debts totalling A$466m against shareholders funds of A$656m.

Crippling interest payments—A$58m last year—forced net earnings down from A$38m to A$18.95m last year with losses coming in the final half. On the back of weak retail sales, these losses have continued into the current year.

The Merrill team will be headed by Dr Alistair Stone, an Australian who was a senior executive with the large property group Lend Lease Corporation. His brief is to review Myer's complete financial structure, but the immediate aim is thought to be a A$100m float of property into a trust, a method successfully carried out by Lend Lease in the past.

Last year Myer saw a programme for the sale of A$120m of property falter because of a poor investment environment, achieving only A$25m of sales. All properties previously up for sale have now been withdrawn.

The first tangible evidence of Merrill's involvement is expected to emerge next March.

Nippon Seiko first half setback

BY OUR TOKYO STAFF

NIPPON SEIKO, Japan's largest manufacturer of bearings and machinery parts, posted setbacks in revenue and profits in the first half year ended October 31. The earnings setback is the first in eight years.

Pre-tax profits for the six months slipped by 29.9 per cent, to Y6.39bn ($26.4m). Net profits sagged by 16.5 per cent, to Y3.83bn, on sales of Y94.69bn, down 3.1 per cent compared with the corresponding period in the previous year. Per share profits were Y11.83, against Y14.72.

Sales of precision bearings for electronic equipment, such as video tape recorders and office automation products, fared well. But sales of bearings to the motor and machine tools industries were sluggish.

Weak sales in North America and South East Asia brought total exports down in value by 14.4 per cent to account for 12.4 per cent of total turnover. Higher costs, resulting from cuts in operations and higher depreciation charges owing to capital investment, lifted the cost to sales ratio by 3.1 per centage points to 80.7 per cent.

In the current half year ending March 1983, the company expects to maintain favourable sales of bearings for electronic equipment. Sales of motor vehicle bearings and exports are expected to remain sluggish.

Earnings are also expected to be adversely affected by intensifying competition resulting from the entry of other makers to the profitable precision bearing and ball joint industry.

Full year pre-tax profits are expected to reach Y13bn, down 27 per cent. Net profits are projected at Y7.5bn, down 20 per cent, on sales 3.7 per cent lower at Y190bn.

Court go-ahead for Harvester credit sought

By Our Sydney Correspondent

LENDERS TO the International Harvester group in Australia will seek court approval on Monday for a credit agreement, after the adjournment yesterday of a hearing of a winding-up petition against the company.

If the court gives its expected assent work will begin almost immediately on a full-scale reconstruction programme for the truck and farm machinery maker. Such a scheme has a March 31 deadline for completion, and will also require the backing of the courts.

In outline, it will see the cessation of agricultural machinery manufacture by Harvester in Australia and a scaling down of its truck making. Imports from the U.S. parent will fill the gap.

Cycle and Carriage earnings surge

BY GEORGIE LEE IN SINGAPORE

A MAJOR provision for investment losses marred an otherwise strong annual performance by Cycle and Carriage, the major motor vehicle distributor in Singapore and Malaysia.

Group pre-tax profits rose by 37 per cent to S$70.2m (US$32.5m) for the year ended September. After-tax profits showed a 32.5 per cent gain to S$40.3m.

However, the group had to make provision for extraordinary losses of S$20.5m arising almost entirely from its stake in the troubled Newman Industries of the UK. In the previous year it made provision for extraordinary losses amounting to S$27.5m, largely for the same investment.

After extraordinary items and tax, group profits were S$19.9m, compared to S$2.9m.

The improved earnings were achieved against a 2.4 per cent decline in turnover to S$452.8m. Group sales in Singapore improved by 2.4 per cent to S$166m, but Malaysian sales fell by 24 per cent to S$126m.

Turnover of associated companies rose by 20 per cent to S$160.5m.

Cycle and Carriage is the distributor of Mercedes Benz and Mitsubishi vehicles. The sharp rise in earnings, particularly in the second half, appears to have come from improved vehicle sales and the decline in the D-mark and the Japanese yen against the Singapore dollar.

The board proposes a final gross dividend of 10 per cent, 2½ percentage points higher than the previous year's final. This brings the total distribution for the year to 20 per cent against 17.5 per cent.

Companies urged to reduce bank borrowing. **R. C. Murthy** reports

India boosts bond and stock markets

"ITC BONDS — the latest Bond thriller" has proclaimed a hoarding on the fashionable Marine Drive in Bombay. This has been part of the build-up for flotation of Rs 300m of debentures by the Calcutta-based ITC, an affiliate of BAT Industries of the UK.

ITC strengthened the attractions of the offer with an interest rate of 15 per cent, the maximum allowed for non-convertible debentures, and the facility of turning the interest income into equity, with chances of capital gains.

"You have the best of both worlds," says a broker for ITC bonds. "The highest interest allowed on any instrument and capital appreciation of equity."

Dunlop India has floated convertible debentures, offering to convert half the bond amount into equity in one year at a pre-determined price.

India's capital market currently exudes unusual optimism. The Government has set the private corporate sector the target of raising Rs 7bn ($700m) in equity and debenture capital in the year to next March. This represents a 40 per cent increase from the Rs 5bn mobilised in 1981-82. The target for 1983-84 is Rs 10bn, according to the Industrial Development Bank of India.

Hit by the shortage of resources, the IDBI is encouraging private companies with good market ratings to raise funds on the capital market and so cut their dependence on loans for industrial expansion and diversification. The strategy has paid off.

The share of India's big business houses (defined as having assets of more than Rs 200m) of total loans made by IDBI dropped to 7.3 per cent (Rs 1.26bn) in 1981-82 from 11.8 per cent (Rs 1.81bn) the previous year.

The Government has launched a two-pronged drive to broaden public support for the corporate equity and debenture markets. It is wooing the 10m overseas Indians — with guarantees of repatriation of investment and earnings — to support Indian industry. The aim is to attract savings mainly from the 1m Indians in the U.S., Canada and the UK and the 300,000 Indian expatriates working in the Gulf.

DUNLOP INDIA and ITC Ltd *two of the multinationals operating in India have floated issues of debentures in strikingly short time—helped by the present underlying buoyancy of the Indian capital market.*

Dunlop India raised Rs130m ($13.2m) in five days and ITC, the affiliate of BAT Industries of the UK, Rs300m in the same time.

Conversion of part of the bonds into equity shares in due course will allow the foreign shareholding in Dunlop to be brought below 40 per cent. Dunlop of the UK currently holds more than the 40 per cent allowed under India's Foreign Exchange Regulation Act (FERA).

The BAT stake in ITC stands to be reduced to 33 per cent, from 37 per cent. The funds will be used for modernisation and diversification in both companies, as well as to dilute overseas ownership.

The package is designed to attract all types of investors.

The expatriates investment plan was laid when interest in convertible debentures was waning following a slide in equity stock prices last year. Since the introduction of the scheme last April, the Government has amended it thrice to remove procedural hurdles. Blue chip companies such as Reliance Textiles Industries and the Birla-owned Gwalior Rayon have tapped the overseas Indian market, to make convertible bond issues a success.

The Government plans to develop non-convertible debentures as a major instrument for mobilising public savings. The interest rate allowable on these debentures was increased in April to 16 per cent. Long term savings institutions, like the Unit Trust of India and Life Insurance Corporation stand ready to buy whatever debentures are offered to them by the small investor, defined as having a portfolio of debentures worth Rs 40,000 or less. The relatively easy marketability should give them an edge over the general range of savings in India. The yield will be the highest among all the instruments. The main purpose of popularising these bonds is that of facilitating companies to find long-term resources for up to 25 per cent of their working capital needs, instead of the present short term funds from commercial banks.

Long term savings institutions are assigned a key role in keeping the capital market in good shape. Besides conducting open market operations in debentures, they buy and sell corporate equities with a view to sustaining a healthy stock market.

UK COMPANY NEWS

Gus pays 5p as profits pass £82m at halfway

AN INCREASE of £1.57m to £82.81m in pre-tax profits is reported by the Great Universal Stores for the half-year to September 30, 1982. Turnover of this catalogue mail order business and multiple retailer rose from £863.24m to £927.45m, which included VAT up from £83.24m to £86.53m.

Principal subsidiaries of Gus include Art Wallpapers, British Mail Order Corporation (taking in Great Universal, Choice, John England, Family Album, Marshall Ward, John Myers, John Noble and Trafford), Burberry's, Cavendish-Woodhouse and the Houndsditch Warehouse Company.

The interim dividend is raised from 4.75p to 5p net — last year's total was 13p from record pre-tax profits of £189.16m. The dividend absorbs £12.51m (£11.81m).

The pre-tax figure was after depreciation higher at £20.97m compared with £17.74m. After tax of £36.8m (£36.02m), profit attributable to equity stockholders was £45.96m against £45.18m. This was after minorities of £17,000 (£9,000) and preference dividends.

The provisions for deferred profit, service charges and collection costs in respect of hire purchase and other instalment receivables were £151.56m (£140.08m) at September 30, 1982. The figure was £147.16m (£140.07m) at March 31.

Stated earnings per 25p share improved from 18.17p to 18.36p at the year-end. On a CCA basis, pre-tax profits were £66.81m compared with £63.95m.

Mr Harold Bowman, assistant managing director, said later: "There is a world recession, and trading conditions are still difficult. As we indicated, the results for the first six months are marginally ahead after an increase of £4.4m in the deferred profit provision. Gus has a wonderful record and has shown increased profits every year for over 35 years."

See Lex

BOC up 8% on little changed sales

PRE-TAX profits of the BOC Group rose by 7.9 per cent to £102.6m for the year ended September 30 1982, compared with £95.1m previously. Sales moved up less than 1 per cent from £1.52bn to £1.53bn.

The results are calculated on a modified historical cost basis. In current cost terms, 1981-82 pre-tax profits were £105.5m, an increase of 9.4 per cent.

In 1982 changes were made to group accounting policies, the most important of which was the capitalisation of interest on major fixed asset additions. Also, exchange rate movements in the year were adverse compared with last year by some £2m.

If however there had been no changes in accounting policies, pre-tax profits would have been £96.1m, a rise of 6.1 per cent over 1981 on a comparable basis and on comparable exchange rates.

Earnings per 25p share, net of ACT, rose from 14.02p to 19.5p undiluted and from 13.62p to 17.78p fully diluted. Earnings on a nil distribution basis were up from 16.17p to 21.91p undiluted and from 15.78p to 20.19p fully diluted.

The full years' dividend is being increased by 12.3 per cent from 5.11p to 5.74p per share, with a final of 3.14p (2.8p).

The board says that 1982 results reflect the serious economic deterioration in the U.S. and continued recession in the UK. Trading in Australia and South Africa, though showing an increase for the year as a whole, was affected by economic downturns which became evident in the second half of the year.

For the group as a whole gases have shown a satisfactory profit increase over 1981, while the health care business has increased substantially, notably in the U.S., where this business has not been affected by the recession.

By contrast, the carbon graphite and carbide activities have produced a much reduced profit, and losses have been recorded in the welding businesses as a result of very depressed market conditions in the northern hemisphere. The other businesses of the group traded satisfactorily.

Group trading profits for the year were up by £3.5m to £160.8m, after depreciation charges of £122.6m (£111.9m) and share of associates' profits of £9.7m (£7.6m).

Net interest payable was slightly lower at £65.3m (£65.7m) while interest capitalised increased from £3.5m to £7.1m. Tax charge was reduced from £37.6m to £27.6m, minorities took £10.5m (£11.2m) and after including extraordinary credits of £6.1m (£0.6m), disposable earnings showed through ahead from £46.9m to £70.6m.

The preference dividend again absorbs £0.1m and with ordinary payments costing £19.4m (£16.8m), the retained surplus for the year was £51.1m, compared with £30m.

See Lex

HIGHLIGHTS

Lex today examines Guardian Royal Exchange spending of £39m on a 10 per cent stake in Hambro Life Assurance. Among the companies reporting yesterday BOC turned in a dismal advance from £95.1m to £102.6m pre-tax for the year to September, accompanied by a difficult outlook for the current period. The mail order group GUS, despite the problems besetting the mail order sector, has managed to push up interim taxable profits by £1.6m to £82.8m. The column considers these figures and looks at the first figures from Argyle Foods since the Allied Supplies acquisition, and shows a reduced level of gearing.

Greenall Whitley down by 8%

PROFITS, before tax, of brewer, bottler and distiller Greenall Whitley were down from £22.5m to £20.71m for the 53 weeks ended October 1 1982, an 8 per cent fall, but the dividend for the period is lifted to 3.6953p net, against 3.4375p, with an increased final of 1.9864p.

Turnover expanded by 15.9 per cent to £225.82m, compared with £194.92 for the previous 52 weeks, and trading profits rose slightly from £32.54m to £33.6m. However, after higher expenditure on repairs and maintenance, and charges—including interest up 50.3 per cent to £3.21m—profits were left £1.8m lower at the pre-tax level.

At halfway taxable profits had fallen from £9.67m to £8.46m.

Mr Christopher Hatton, chairman, says that in the north-west of England and the West Midlands, trading conditions continued to be difficult, but Shipstone, in the East Midlands, performed well. G. & J. Greenall and Cambrian produced lower profits, but both are recovering.

GW Hotels maintained its level of profitability during the period and the chairman says that both The Belfry at Sutton Coldfield, and Treadway Inns, the U.S. hotels, are proving to be satisfactory investments.

The newly-acquired Arrowsmith Holidays incurred a loss for the period, although the group is hopeful that eventually it will prove to be a good investment. Mr Hatton adds that it is too early to forecast the result of this side in the current year.

Above the line repairs to properties cost 5.31m (£4.77m), depreciation took £5.55m (£4.79m), interest receivable was £354,000 (£258,000), and redundancy payments amounted to £266,000 (nil). There was also a surplus on the disposal of properties of £1.09m (£1.4m).

After tax charges of £8.71m (£7.62m) earnings per share are shown as 12.2p, against 13.05p. The retained balance was £9.5m, compared with £10.67m, after preference payments of £388,000 (same) and ordinary dividends of £4.12m (£3.82m).

● **comment**

Having seen losses mount at the holiday business Saga bought from the Laker receivers, there was a certain amount of market apprehension about the impact Arrowsmith might have had on Greenall. Arrowsmith is obviously rolling in red figures but shareholders will have to wait for the full accounts to see how bad they are. But anyway the group's overall profit lived up to outside expectations and the shares held steady at 122p. Not that the first earnings drop in over a decade is a particularly impressive achievement. Yet, while Arrowsmith may catch the interest, Greenall's fortunes are well and truly pegged to beer sales which account for 80 per cent of profits. With national beer volume down 4 per cent and Greenall concentrated in the more difficult north-west, the group had very little chance of holding on to its brewing profits. Still, Shipstone shouldered part of the problems of its less fortunate colleagues in the Greenall stable with both higher volume and wider margins to give it a handsome profits boost. Relative to the sector Greenall's shares might qualify for this year's wooden spoon. No longer regarded as a "sexy" regional the group's rating has drifted to put it more in line as a mini-national. The yield of 4.4 per cent and p/e of 9.8 on stated earnings is unlikely to encourage an upward rerating.

Burco Dean slides £0.77m into the red

With heavy losses from the domestic appliances and kitchen equipment side, and a lower contribution from general engineering and sub-contract work, Burco Dean fell £771,000 into the red for the year ended September 30 1982, compared with profits of £53,000 last time.

Losses at halftime were £254,000 (£183,000).

Turnover for the year was down from £25.58m to £21.55m and there is no dividend for the period—last year a 0.1p interim was followed by a 0.9p final.

Trading loss for 1981-82 was £405,000 (£564,000 profit) and was split as to: domestic appliances, kitchen £468,000 loss (£336,000 profit), and general engineering £63,000 profit (£228,000).

Tax charge was £40,000 (£79,000) and after dividends, £4,000 (£89,000) and an extraordinary debit of £396,000 (£632,000) the retained figure was a £1.21m loss, against £747,000.

Loss per share is shown as 9.63p (0.35p) before extraordinary items, and 14.3p (7.83p) after the same.

The directors say that radical changes are being made to strengthen marketing and increase efficiency on the kitchen furniture side, and after three years of heavy losses, management action in the appliance sector resulted in a small trading surplus for the year.

On the industrial side directors say that profits were depressed by the continuing recession.

● **comment**

After three years of losses, Burco Dean has finally managed to bring its appliances division back into the black, only to be faced with a loss of at least £800,000 from kitchen furniture. This wiped out any gains from the other companies, and left a pre-tax deficit of £771,000. The kitchen furniture company is being threatened from all sides by MFI at the bottom end of the market, German and French imports higher up, and by companies like Moben on the direct selling front. BD is determined to turn the division round, so it has laid off nearly a quarter of the workforce, hired a new sales force, changed the selling and marketing management, and is soon to announce a "streamlining" operation. The whole group has been cut back; the workforce numbered 1200 at the beginning of the year, compared with 850 now, and the appliance division is using one factory rather than three. Borrowings are slightly down too, and now stand at 40 per cent of shareholders' funds. But with the shares down 4p at 17p, the market values the company at less than £1½m.

N. Brown maintains £1m midway

Manchester direct mail order concern N. Brown Investments slipped marginally from taxable profits of £1.02m to £1.01m in the first half to August 28 on sales including VAT 22 per cent ahead at £15.16m compared with £12.4m.

The interim dividend is being maintained at 2p net per 20p share. Mr Davoud Alliance, chairman, says the rate of the final can only be considered when the full year's results are known and assessed. Last year a total of 6p was paid from pre-tax profits of £3.07m.

Mr Alliance says sales to date in the second half have been somewhat disappointing and not up to expectations. In the light of this uncertainty he feels that it would be irresponsible to attempt to forecast the outcome for the year as a whole. If there is any improvement on last year it will not be anything like as high as the rate—40 per cent or so—achieved in the last two or three years.

Recruitment in the autumn/winter season is continuing at a relatively high level.

Borthwick recovery continues

THE PROGRESS shown by international meat trader Thomas Borthwick and Sons in the first six months was maintained through the second half and enabled the group to achieve pre-tax profits of £358,000 for the full year to October 3 1982, which compares with a loss of £1.49m previously.

The recovery is expected to continue although Mr R. C. Wheeler-Bennett, the chairman, points out that conditions are still difficult and that growth is likely to be limited.

However, he adds that the full impact of the improvements in efficiency and streamlining have yet to be felt and that there will undoubtedly be further benefits from that quarter and from lower interest rates.

No dividend for the year is proposed. Mr Wheeler-Bennett says a dividend cannot be paid while distributable reserves are insufficient to support a payment. He says this is in accordance with the requirements of the 1980 Companies Act but adds that Trustee status will be lost if a dividend is not paid before December 31, 1983 — a nominal 0.1p net was paid last year.

The chairman explains that much of the group's recovery comes from the results of management action to contain costs and improve efficiency. He comments that the meat industry continues to be beset by overcapacity and low sales compounded in the case of Australia by prolonged drought and in New Zealand by unpredictable overseas markets.

Group turnover for the year fell from £525.49m to £500.24m. The pre-tax profit was achieved by the on-going operations—last year these incurred losses of £1.06m with a further loss of £425,000 coming from operations no longer in the group.

Attributable losses emerged at £1.52m (£4.95m adjusted) after tax of £1.06m (£281,000 credit), minorities of £222,000 (£651,000) and extraordinary debits of £606,000 (£3.1m).

● **comment**

With the much needed "stay of execution" by its bankers in October Borthwick gained another year in which to win a full reprieve. While it will continue to spend the time trying to tighten up its own operations further, much will depend on external factors. If demand for meat and meat products remains flat throughout the world then it will have to hope for more capacity reduction among its competitors. The delayed Iranian contract provided some useful business in the second half and talks are proceeding towards the next one. It has also been fortunate to have its Australian activities based away from the drought areas. The much needed cut in borrowings is derived partly from debtor reduction and asset sales, but there is also a less permanent element of currency translation as half its £62m debts are in Australia and New Zealand. But with borrowings still twice shareholders' funds there must be much holding of breath over interest rates. Last year substantially higher rates on lower borrowings pushed charges up £200,000 to £12.3m. Next time the tax figure should benefit from offsettable losses and a significantly lower charge in the U.S. if not in France. Yesterday shares fell 2p to 13p capitalising the group at £6.7m.

52% jump to £5.5m by Saatchi & Saatchi

SOLID PROGRESS in its UK base and a first time contribution in the final quarter from Compton Communications in the U.S., raised pre-tax profits of Saatchi & Saatchi Company, advertising agency, to a record £5.52m for the year to September 30 1982.

This result represents an increase of 52 per cent over the previous year's £3.63m and compares with a forecast of not less than £5.25m made at the time of the Compton acquisition. Another record year is expected in 1983.

A final dividend of 5.2p net per share is recommended, compared with the circular forecast in May of a minimum of 4.5p, and this makes a total payment of 8.7p (6p). A one-for-two scrip issue is also proposed.

Turnover showed a marked advance from £102.1m to £258.22m, against the forecast of not less than £251.1m. Net attributable profits increased from £1.2m to £2.59m, after tax of £2.78m (£1.94m), minorities of £47,000 (£310,000) and extraordinary debits of £196,000 (£198,000).

Earnings per 10p share climbed from 18p to 26.8p before extraordinary items and from 16.7p to 25.7p after.

The board reports that considerable progress is being made in the U.S. and internationally towards the objective of achieving a higher level of operating efficiency over the next few years.

Three loss-making Compton subsidiaries are now being merged or sold, and two others are anticipated to make a small profit following cost-saving measures.

The board says the company had a strong position in cash and short-term deposits at the year-end. Net cash had risen to £23.5m from the pro-forma position of £17.2m detailed in the Compton circular.

In addition, the company has negotiated a new multi-currency facility with its bankers of £18m, which is as yet unutilised. These funds will be available to develop business around the world both organically and by acquisition.

● **comment**

With new accounts worth over £50m — including British Airways and Avis — Saatchi has achieved an underlying 20 per cent growth in UK billings for the fourth consecutive year. It has also included a full year's figures from the autonomous Dorland group for the first time, plus one quarter's results from Compton Communications. These additions have boosted reported turnover and have added about £1.3m to pre-tax profits, perhaps £⅓m of this coming from Compton. Net interest income has remained at £0.8m since the benefit of higher cash balances has been offset by lower interest rates and by the servicing charge for one quarter of Compton's £7m debt. The Dorland group's profit margins have increased from 1.6 to 2.4 per cent since its acquisition and Saatchi, whose own UK agency still enjoys a 3.5 per cent margin, is now hoping to see comparable gains in the Compton international network where margins are still around 1 per cent. A start has been made here with the consolidation of two loss-making U.S. subsidiaries and the sale of Compton's troubled Danish operation. Meanwhile, Saatchi's net cash position is up to £23.5m — which includes £8.5m set aside to cover deferred payments for the Compton acquisition — and fresh loans of £18m are now available to help fund more additions to the international agency network on which Saatchi has set its sights.

Argyll Foods sees second half boost

BASED on a combination for the whole period of the results for the former Argyll Group and of Allied Suppliers, the acquisition of which was completed June 15 last, taxable profits of Argyll Foods, food retailing concern, came out just ahead at £10.22m for the six months ended September 25 1982, compared with £9.8m.

Turnover expanded from £495.33m to £542.1m, with food distribution accounting for £522.13m (£476.15m) and food manufacturing and edible oil refining £19.94m (£19.2m).

Directors anticipate a satisfactory outcome for the full year.

They explain that substantial progress has been made in securing the major operating benefits planned at the time of the merger, and although they had only a limited effect on first half profits, they will contribute "more importantly" in the remainder of the year.

After tax of £750,000, against £514,000, for the six months, earnings per 10p share are shown as 6.69p compared with 6.8p. As known the interim dividend, paid on November 30, was 1.25p net, and directors expect to recommend a final distribution of not less than 2.5p making a total of 3.75p (3.25p).

Operating profits were £10.62m (£8.56m) and were split as to food distribution £10.06m (£7.46m) and manufacturing and edible oil refining £575,000 (£1.1m). Interest charges were much higher at £1.38m (£286,000), property income was £1.25m (£1.22m) and reorganisation costs amounted to £309,000 (nil).

Directors say the former Argyll Group's food distribution businesses, which comprise the two retail activities of Lo-Cost and Cordon Bleu and the wholesale activities of Mojo and Snowking, had a satisfactory period with Lo-Cost achieving its profit objectives.

Eleven "Cordon Bleu" stores were opened during the period and a further four stores are planned to open in the second half.

Allied Suppliers' Presto and Liptons operations produced an encouraging performance in the first half. During the period four new Presto Food Markets were opened at Ashton-under-Lyne, Bognor Regis, Swansea and Cheltenham, and since September two more have been opened at Loughton and Wealdstone, Harrow. A further two openings are planned by March 1983.

"Our present target of 10 new Presto Food Market openings a year is progressively to be doubled to 20 openings a year," directors state.

The Liptons division, including Templeton and Galbraith in Scotland, has continued to trade satisfactorily, and active steps are being taken to develop and strengthen this side through openings in suitable locations throughout the country.

Food manufacturing and edible oil refining experienced difficult trading conditions in the period, due principally to the time lags in implementing planned price increases in the group's Gold Crown Tea business and also the competitive effects of excess capacity in the edible oil refining industry. Directors, however, are confident of an improved performance in the second half, augmented by the further distribution opportunities afforded by Allied Suppliers.

Group balance sheet shows net cash balances of £29m, as at September 25, compared with £19.8m in April, an overall improvement of more than £30m including repayment of a £9.5m loan, directors point out. The group's liquidity position is expected to improve further by the year end.

See Lex

Second-half upturn lifts RHP to £3.9m

BEARINGS, ELECTRICAL products and fasteners maker RHP Group—formerly Ransome Hoffmann Pollard—advanced from taxable profits of £749,000 to £3.93m, in the year November 1 1982. Turnover was lower at £109.46m compared with £115.91m.

At the half-year stage the group had made pre-tax profits of £890,000 (£123,000 loss) on turnover of £55.35m (£58.72m).

The year's dividend is being maintained at 4p net per 25p share with an unchanged final of 2p. Earnings per share are given as 5.7p (1.4p) basic and as 5.1p (2p) diluted.

A breakdown of profits shows: bearings £3.95m (£898,000); electrical £2.38m (£3.02m); and fasteners £650,000 (£141,000).

The directors say the company must continue to reduce operating costs to remain competitive in the face of reducing volume and increasing price competition.

There have been substantial further redundancies already announced, mainly in indirect workers and staff. Other cost saving programmes are being implemented, they say. These measures are all designed to trim costs while maintaining capacity so that the group can take advantage of any upturn in demand, and to enable it to conserve cash flow and resources.

Pre-tax profits were struck after redundancy costs of £805,000 (£2.22m) and interest paid of £3.06m (£3.11m). Tax took £1.71m (£201,000) and there was an extraordinary debit of £221,000 (£2.63m) for the provision of releases for the estimated closure and reorganisation costs £691,000, less the surplus on loan stock conversion of £470,000.

● **comment**

RHP appears to have produced a topsy-turvy performance with its medium-high technology electricals division losing ground and the more traditional engineering activities showing an upsurge in profitability. In fact last year the Clifford and Snell electricals company was given a windfall by new Government regulations which allowed it temporarily to exploit a monopoly position in the production of safety of life at sea communications equipment. If interest charges are included in the divisional break-down, the cash-generative electricals division looks by far the healthiest. The bearings division has a lot of machinery, depreciating rapidly on an inflation-adjusted basis (hence the overall CCA loss). But it has been the main target for redundancies and cost-cutting over the past two years, which are continuing into this. Its labour force has fallen by nearly 3,000 to 4,500 and this accounts for most of the significant fall in volume sales accompanied by a sharp rise in margins — with the help of small price rises. Exports have fallen back from £29m to £24m and little recovery is foreseen this year. A conversion of £6.5m of loan stock into equity in June slashed the gearing ratio to only 43 per cent. After several weeks of decline, the share price yesterday recovered from 34½p to 43p where the historic yield is a generous 14 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Bishop's Group, Energy Finance and General Trust, Highams, UKO International, Ward and Goldstone, Jones Woodhead.

Finals: Associated Sprayers, Hunslet, United Spring and Steel.

FUTURE DATES

Interims—

Graswey	Dec 16
Ooranakanda Rubber Estates	Dec 15
Globe Investment Trust	Dec 14
Haslemere Estates	Dec 16
Jacksons Bourne End	Dec 16
Sungei Besi Mines	Dec 14
TR Trustees Corporation	Dec 16
Warner Estate	Jan 27

Finals—

Leech (William)	Dec 15
McCarthy and Stone	Dec 15
Needham National Glass	Dec 16

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arlington Motor ...... int.	2.5	Jan 28	2.5	—	5
ABE ...... int.	0.33	Jan 21	0.28	—	0.55
BOC Group	3.14	April 5	2.8	5.74	5.11
Thos. Borthwick	Nil	—	0.1	Nil	0.1
Brit. & Amer. Film int.	1.25	Jan 7	1	—	3.31
Brit. Building Eng. int.	0.75	—	0.5	—	1
Brownlee ...... int.	1.5§	Jan 14	0.7	—	3.7
Burco Dean	Nil	—	0.9	Nil	1
Crystalate	1.54	—	1.75	2.42	1.75
Eldridge Pope	6	—	5.5	11	9.5
Fairline Boats	0.5	Feb 4	0.5	1	1
Flexello	Nil	—	Nil	0.7	Nil
GUS ...... int.	5	March 31	4.75	—	13
Greenall Whitley	1.99	Feb 12	1.81	3.7	3.44
Greycoat City ...... int.	0.5	—	Nil	—	1
Hawkins and Tipson ...	1	—	1	1	1
Holyrood Rubber ... int.	10	—	15	—	45
Keystone Investment ...	6	—	6*	10	9.64*
Kuala Selangor Rbr. int.	4.5	—	4.5	—	13.5
Marling Industries int.	0.47	—	0.47	—	1.08
North Mid. Const.	1.75	—	1.75	2.4	2.4
RHP Group	2	Feb 7	2	4	4
Saatchi and Saatchi	5.2	—	3.36	8.7	6
Shaw Carpets ...... int.	Nil	—	Nil	—	0.1
Sidlaw	9.5	Feb 14	5*	12	6.67*
Stenhouse Holdings	3.5	April 14	3.28	5.5	5.1
R. W. Toothill ...... int.	3	—	3	—	6.5
Wintrust	0.1	—	0.1	—	3.55

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § To reduce disparity with final.

UK COMPANY NEWS

Comtech £1.4m loss at midterm

A SECOND quarter loss of £0.97m left Combined Technologies Corpn. with a pre-tax deficit of £1.4m for the six months to September 30 1982. Comparative half-year figures are not given as the group did not commence trading until July 1 last year. Loss in the three months to end September 1981 was £0.58m.

The commercial division of this high technological group turned in an operating profit of £2.6m, after a slow-down in the second quarter to £1.16m. Net interest payable however, took £1.63m and research and development expense reached £2.37m, with expenditure of £1.36m in the second quarter.

There was no tax for the period and loss per 10p share came out at 2.3p.

Commenting on the figures, Mr James Longcroft, the chairman, says that the increase in the R & D expense reflects the strong emphasis placed by the company on its research and development programmes.

Events in Mnemos, the company's information systems venture, have been dominated by the public launch of this subsidiary's first product—Mnemos System 6000. The reception was very favourable, the chairman states.

Sales and marketing effort for System 6000 in the automotive, aerospace and Government-related industries in the U.S. and Europe have been intensified, and the board's confidence in the long term prospects for System 6000 has been further strengthened by responses on both sides of the Atlantic.

Conversion of customer interest into firm orders may take from six months to a year from the point of original contact, Mr Longcroft points out.

Outside Mnemos, Comtech's central new products unit is controlling a number of promising product developments.

The market for the traditional business of Cableform, controller for fork lift trucks, remains depressed in both the U.S. and Europe.

Turning to the commercial division, Mr Longcroft says the automotive group has again done well in a market which has generally been regarded as difficult. In the hardware wholesaling division, the historically weak summer period was worse than expected, but the company is now beginning to see a better level of trading.

The builders' merchants activity has operated at much better levels; while the travel business has, despite price competition, benefited from the traditionally strong summer period.

● comment

The movement in the shares of Combined Technologies Corporation resembles nothing so much as a roller coaster. Virtually a penny stock earlier in the year, they moved from 36p to 68p last week, and in the first half of this week came most of the way back. Yesterday they gained 9p to close at 55p. All the profits are generated by the commercial division but it is the Mnemos System 6000 that has kept the jobbers busy. Comtech and VW have been talking for 14 months about a possible $70m deal, and Comtech is clearly tiring of jaw-jaw. There are two other potential customers showing the same level of interest as VW, and one of them is described as "astronomically big." If VW does finally take the plunge, then Comtech will be looking to raise money by April, if not, then, even though it is currently about 80 per cent geared, Comtech can work off existing credit lines until September. Then Comtech will be at the crossroads. One path already mooted is to sell off all or part of its non-technical businesses. An exciting possibility is the prospect of Mnemos being launched on the USM. Watch this space.

Sidlaw leaps to £4.23m: lifts payout

Taxable profits of Dundee-based Sidlaw Group, provider of services to the North Sea oil and gas industry and jute and synthetic yarn spinner, almost doubled from £2.14m to £4.23m in the year to October 1 1982 after a second half surplus of £2.5m, compared with £1.89m. Turnover for the 12 months advanced from £31.33m to £36.22m.

The final dividend is being raised from an effective 5p (following a one-for-two scrip) to 9.5p net per 50p share making an 80 per cent higher total of 12p (6.67p adjusted). Earnings per share are given as 38.41p (24.85p).

A breakdown of operating profits of £4.68m (£2.86m) shows: oil services £3.48m (£2.63m); textiles £767,000 (£153,000 losses); and associate £431,000 (£378,000). Interest payable took £449,000 (£714,000), after an increase in borrowings during the year of £327,000).

The directors say the textiles performance in a period of severe recession deserves special note, but the emphasis must lie in the continued and consistent growth of the oil services division.

Tax came to £893,000 (£17,000 credit) leaving attributable profits of £3.34m (£2.17m after extraordinary debit of £9,000).

Arlington Mtr rises sharply to £506,000

Taxable profits of Arlington Motor Holdings recovered sharply from £11,000 to £506,000 in the 26 weeks to September 29 1982 on higher turnover of £32.91m, compared with £25.88m.

Latest management accounts show a continuation of the level of trading experienced during this period but with continuing uncertainty about the economy the directors say they cannot forecast the results for the full year.

They point out that the turnround in the group's performance proves that their development policies were justified and explain that the "excellent" results were achieved from sharp profit upturns in the Vauxhall/Bedford and bus and coach activities together with smaller losses at the Leyland commercial vehicle operations.

The net interim dividend is maintained at 2.5p—a final of the same amount was paid for the 1981-82 year when the group ended £90,000 in the red.

Interest charges for the first half this time took £509,000 (£404,000), and tax £48,000 (same). Attributable profits emerged at £768,000 (£37,000 loss) after including an extraordinary credit of £310,000 being a surplus on the remaining part of the group's premises at Chadwell Heath. No provision was made for any Development Land Tax liability that may arise.

Stated earnings per 25p share amounted to 10.2p, against a previous loss of 0.8p.

ABE hit by higher interest at six months

Representing the first period in which the group has been able to see the results of major changes undertaken in the last three years, Associated British Engineering has boosted turnover from £4.97m to £16.84m for the six months ended September 30 1982 but after much higher interest, profits were left at £380,000 at the pre-tax level, against £327,000 last time.

Mr A. R. Belch, chairman, says that, as forecast, there were "major advances" in turnover and operating profits—up from £405,000 to £724,000—but there were the effects of the costs of financing the acquisition of Dawson-Keith. Interest charges for the six months amounted to £357,000, compared with £78,000.

ABE is now a group of distribution and trading companies in which traditional engineering represents less than 10 per cent of turnover. An analysis of total turnover and operating profits shows: distribution £9.94m (£3.72m) and £385,000 (£176,000); electrical £5.29m (£160,000) and £225,000 (£17,000); engineering £1.6m (£1.1m) and £214,000 (£212,000).

The interim dividend is increased from 0.275p to 0.325p—last year's final was 0.275p and pre-tax profits amounted to £793,000.

Pre-tax figure for the six months included associates share of £13,000 (nil). There was no tax figure (£26,000), minority interests took £45,000 (nil) and after extraordinary debits £18,000 (£47,000) and preference payments of £14,000 (same), the attributable balance came through at £303,000, against £240,000.

Stenhouse improves to £8.8m and lifts payout

PRE-TAX PROFITS of Stenhouse Holdings improved to £8.86m for the year to end-September 1982, compared with £8.73m previously, and a final dividend, increased by 0.22p to 3.5p, makes a total of 5.5p net against 5.1p.

Reed Stenhouse, the international insurance and reinsurance broking group in which Stenhouse Holdings has a major stake, also showed increased results of £14.98m (£14.69m) pre-tax but profits attributable to Stenhouse Holdings were virtually unchanged because its share of equity was reduced by 1.16 per cent to 52.53 per cent.

Insurance broking results benefited substantially from the strength of other currencies particularly the Canadian dollar. This offset the adverse effect on earnings of the difficult economic and insurance market conditions experienced throughout the year.

Conditions are expected to remain difficult with margins under pressure. Present indications are that Reed Stenhouse will maintain profits in the coming year in Canadian dollars. They are expected to broadly follow the pattern of 1981-82.

The Lloyd's underwriting agency companies produced a profit of £1.03m of which Stenhouse Holdings' 81 per cent share amounted to £835,000 (£446,000). These profits, which include a full year's results of the companies acquired in June 1981, are considered highly satisfactory and further improvement should be seen in the coming year.

With the benefit of these higher profits and on the assumption of no material appreciation of the pound against the Canadian dollar, this would result in "somewhat improved profits" of Stenhouse Holdings.

Pre-tax profits of Stenhouse Holdings for 1981-82 included a same-again contribution of £270,000 from associate Noble Grossart and were after allowing for holding company net expenses of £111,000 (£133,000 income). Tax paid rose to £4.82m (£4.45m).

Extraordinary debits amounted to £1.11m (£1.86m credit) leaving a surplus of £2.94m, compared with £6.14m.

Stated earnings per 25p share emerged lower at 10.66p (11.27p) before extraordinary items.

The group's Lloyd's underwriting agency activities were expanded in 1981 by the acquisition, for a cash consideration of approximately £3.1m, of four Lloyd's underwriting agency companies. These companies were merged with the group's existing Lloyd's underwriting agency company, Stenhouse Reed Shaw (Underwriting Agencies), under a new holding company, Stenhouse Syndicates, owned 60 per cent by Stenhouse Holdings and 40 per cent by Reed Stenhouse through Reed Stenhouse and Partners.

The profits reported for the Lloyd's underwriting agency companies represent the share of these profits attributable to Stenhouse Holdings' direct and indirect interests. Last year, the profit of Stenhouse Reed Shaw (Underwriting Agencies) for the period to June 30 1981 was reported as part of the insurance broking profits.

● comment

Stenhouse's interest in insurance broking is held through a 52.5 per cent stake in the Toronto-based group Reed Stenhouse which reports quarterly. So there were few surprises in store in yesterday's results and the share price slipped just 1p to 92p. For several years Reed Stenhouse has been on a growth path which has entailed a steep rise in its expenses with systems development in the UK and Australia and acquisitions in the U.S. But with premiums depressed by chronic over-capacity the group has had difficulty in keeping fees growing apace. Stenhouse specialises as a "retail" broker dealing in local currencies around the world, rather than in the international reinsurance business, and so exchange rates are crucial. The strength of the Canadian dollar this year has meant a 15 per cent decline in the pre-tax profits announced across the Atlantic and nearly £1m should be knocked off the UK profit figure to obtain a more accurate picture of the decline in the brokerage division. By contrast the troubled Christopher Moran agencies made a substantial contribution to Stenhouse's rising profits from its Lloyd's underwriting activities. And, although the chairman said he was "actively considering" a divestment of the Lloyd's agencies long before the legal deadline five years hence in view of the troubles, Stenhouse must be tempted to hold on for rapid profits growth in the short-term. With a long-awaited turnround in the U.S., profits could rise 10 per cent this year for the group, giving a prospective fully-taxed p/e of 7.5.

Crystalate soars 72% and pays more

FOR THE 12 months to September 30 1982 Crystalate Holdings, the electronic components and equipment group, returned pre-tax profits 72 per cent ahead at £2.39m, compared with £1.39m the previous year, with £1.52m, against £879,000, coming in the second half.

Basic earnings per 5p share rose from 5.24p to 8.28p, excluding an exceptional tax credit last year, and the dividend for the year is being increased by 0.67p to 2.42p net, by a final of 1.54p.

Mr John Leworthy, the chairman, says against the background of a substantially changed product range over the past two years he is confident of the group's ability to continue recent progress with various new products such as the Sceptre telephone.

Turnover for the past year rose from £14.48m to £20.78m. Sales of the group's principal subsidiary, A. P. Besson, were boosted by production of the new Electret microphone capsule adopted by British Telecom for standard telephone handsets, plus continuing demand for traditional receiver and microphone capsules.

Tax charge for the year took £1.15m (£609,000), but attributable profits came through lower at £1.23m, compared with £1.31m—last year's figure included an exceptional tax credit of £534,000.

● comment

For a company whose shares traded below 3p in the mid-seventies and yesterday closed at 168p little needs to be said about the effectiveness of the changes that have come about at Crystalate. The company is now considering financing acquisitions — two are under discussion at the moment — by a placing to widen the market in its shares though, with almost nil gearing it would be well able to fund such deals. While past purchases have not been entirely happy in the short term the group sees this as a path to higher technology emphasis. Yet without this input it already has, through Besson, a reputation and skills on which to build. Ironically after long heavy dependence on British Telecom's ordering pattern it is that organisation's easing of restrictions on telephone equipment that is providing the means to reduce that dependence. For the current year growth on both sides of the business is set to continue. A strong order book and expected orders, with a shift to more total equipment manufacture, is likely to more than offset any erosion of margins by competition. An advance of 25 per cent would not be unreasonable putting pre-tax profits around £3m and the prospective p/e below the electronics glamour ratings at 17.

Control Secs. advances

Pre-tax profits of Control Securities for the six months to September 30 1982, improved from £544,000 to £656,000 and the directors say, taking into account higher property income and developments maturing in the second half, the outlook for the year is encouraging.

Basic first-half earnings per 10p share are stated at 2.74p (2.61p) and the net interim dividend is effectively raised from 1.18125p to 1.575p. Last year's total payment was equivalent to 2.75625p on profits of £1.01m.

Turnover for the six months jumped from £1.53m to £3.2m. It was made up of gross rental income £229,000 (£202,000) and other income £2.96m (£1.33m), while including £1.4m from the disposal of a stake in Second City Properties.

Pre-tax profit was derived as to about a third from property income, a quarter from property deals and the rest from other activities, including the Netherlands based investment trust Immofund.

Tax took £132,000 (£106,000), minorities totalled £4,000 (£1,000) and there were no extraordinary items this time compared with a credit of £1,000 in the corresponding period.

Brownlee rises to £0.8m

GLASGOW-BASED timber merchant Brownlee increased first-half taxable profits to September 25 1982 from £452,000 to £784,000 after a 10 per cent rise in turnover of £1.25m to £13.63m.

And with earnings per 25p share given higher at 4.7p (2.3p) the interim dividend is being raised to 1.5p net (0.7p), though the directors say this is to reduce the disparity between it and the final.

In the last year a total distribution of 3.7p was made from pre-tax profits of £462,000.

Mr J. F. McLelland, chairman, says the company's unwillingness to trade at unrealistic margins produced satisfactory results. In the absence of substantial new housebuilding activity in Scotland, its established policy of catering for the modernisation, renovation and improvement market by offering an ever-extending range of products continued to attract business.

The remaining associated company, Burnbank Joinery Centre continues to trade profitably.

Mr McLelland says trading conditions in Scotland continue to be depressed with only a few sectors showing any improvement. In these conditions, he says, it is encouraging to see some hopeful signs in the company's markets but success will depend on its continued awareness of market trends and its ability to adapt to them.

Taxable profits were struck after interest payable of £25,000 (£13,000) and included associate earnings of £14,000 (£143,000 losses) this turnround being due to the exclusion of the Smurfit Corrugated Cases results.

Tax took £285,000 (£210,000) leaving net profits of £449,000 (£242,000).

Second half slowdown at Irish Distlrs.

Pre-tax profits of the Irish Distillers Group finished the year to September 30, 1982 I£2.19m higher than the previous year at I£7.64m but as predicted in the interim report growth slowed in the second six months when the surplus rose by only I£458,000 to I£3.19m.

Stated earnings per 25p share rose from 11.89p to 18.44p and a final dividend of 3.9p (2.18p) raises the net total to 5p, against 3.06p last time.

Group turnover expanded by £8.49m to £132.05m. Trading profits advanced to £14.12m (£11.52m) but these were subject to depreciation of £2.05m (£1.9m) and interest charges of £4.47m (£4.22m). Share of profits of associates declined to £49,000 (£56,000).

Devenish lifts dividend

Although pre-tax profits at J. A. Devenish were down from £1.89m to £1.84m in the 52 weeks to October 1 1982, the final dividend is raised from 6.25p to 7.25p net for an increased total of 9.5p compared with 8.5p.

Turnover of this Weymouth-based holding company with interests in brewing, beer bottling, mineral water manufacturing and wholesaling and retailing of these products, together with management of hotels and off-licences, improved from £19.35m to £21.36m.

Tax was lower at £416,000 (£699,000), and there was an exceptional tax credit of £527,000 (£252,000). Extraordinary credits totalled £233,000 (£192,000), being property disposal profits.

Earnings per 25p share were up from 32p to 38.5p before exceptional credits. Comparisons covered a 53-week period.

Baggeridge recovers

With second half pre-tax profits at Baggeridge Brick improving from £269,000 to £414,000, figures for the full year to September 30 1982 rose from £405,000 to £488,000. First half figures were seriously affected by the bad weather in December and January which caused curtailment of brickmaking and building activities.

The final dividend is raised from 2.5p to 3.125p net for an increased total of 4.375p (3.75p).

Group turnover was ahead at £5.22m compared with £5.06m. Tax was down from £211,000 to £167,000. There was an extraordinary credit of £675,000 this time, being profit, less costs and tax, on the sale of freehold land.

The directors say a surplus of £603,246 arises on revaluation of the remaining land as at September 30 1982, and this has been credited to reserves.

Earnings per 25p share rose from 4.84p to 5.02p.

LADBROKE INDEX

577-582 (−5)

Companies and Markets

BIDS AND DEALS

GRE acquires stake in Hambro Life for £39m

Guardian Royal Exchange Assurance has reached an agreement with Hambro Life Assurance to subscribe £39m in cash for 12m new ordinary shares in Hambro Life at a price of 325p per cent.

The shares are being acquired by the long-term funds of GRE, rather than by the shareholders funds. These new shares, together with the 270,000 already held by the long term funds means that GRE, through its long term funds, will hold around 10 per cent of the enlarged equity of Hambro Life.

The proposals have been agreed by Hambros, the largest shareholder of Hambro Life with 43 per cent of the present capital. This holding will drop to 37 per cent of the enlarged capital once the transaction is completed.

Both companies emphasise that the activities of each are complementary rather than competitive and should benefit them by providing a wider selection of services.

This expansion has already been seen by Hambro Life when it recently acquired Dunbar, a banking operation. Mr Mark Weinberg holds strongly to the view that a life company will have to offer a far wider range of financial services than at present in order to compete in the future.

Mr Weinberg pointed out that GRE offered many services in the UK which fell outside Hambro Life's field of expertise. He cited permanent health insurance as one notable example. He felt that in due course, many of GRE's products would be sold through Hambro Life's extensive sales organisation.

He emphasised that Hambro Life did not need these additional resources for any immediate project, but the additional capital would ensure the company had substantial resources from which to finance future expansion.

The capital, when raised, would be put on deposit and should be able to service the additional dividend cost for the next three years. The current yield on the company's shares is 5.1 per cent gross on historical dividend or 5.8 per cent on a projected 15 per cent rise in dividend. The market estimates an equity dilution of 2-3 per cent.

Total funds of Hambro Life at end June 1982 amounted to more than £1.5bn, while GRE's world-wide long-term funds at the end of 1981 were around £2bn of which £1.3bn were UK funds. GRE's unit-linked life operations amounted to £130m.

Mr Peter Dugdale, chief general manager of GRE, considered the tie had considerable short and long-term benefits. In the short-term there could be increased new life and non-life business from Hambro Life sources and long-term there would be joint projects to open up new markets and new services.

Both companies agreed that GRE's world-wide general insurance network would be useful in launching overseas life insurance operations.

Talks hit Home Video trading

THE MOMENTUM of Home Video Holdings' trading has been affected by its negotiations with Intervision, Mr Peter Abbey, chief executive, told shareholders at the annual meeting.

The directors had entered into these negotiations so the two companies could make savings by marketing titles together. In the event, therefore, marketing of video-tapes in the first half-year to date has been severely restricted to seven titles with television, and one title through Home Video he said.

The company would have expected to release 20 to 24 new titles in the period, were the negotiations not to have taken place — this reduction would therefore result in lower profitability for the half year than forecast.

These negotiations had now ceased and the company had restructured its distribution requirements. This included a distribution and marketing agreement with Independent Distribution Services.

Budgets for the second half, prepared with Independent Distribution Services, demonstrated that the upturn in trading since cessation of talks with Intervision would continue, he said.

The directors had requested Hill, Woolgar to recommence dealings in the company's shares as soon as possible.

NOREX OPTION ON COMMON BROTHERS INSURANCE OFFSHOOT

Common Brothers, the ship owning, broking and management company, has agreed an option for Norex Corporation to buy its 68 per cent stake in its insurance subsidiary Harrison Horncastle for £1.95m.

Norex, based in Bermuda, is to make available to Common Brothers an interest free unsecured loan of £1m which would be repayable in full if the option is exercised. The repayment will be £750,000 only on December 31 1983 if Norex decides not to buy Common Brothers' subsidiary.

The option can be exercised anytime between July 1 and November 3 1983 if the sale goes ahead. The £1.95m will be made up of £1m in cash and £950,000 in three promissory notes of £316,666.67 maturing on December 31 1983 and on the same dates in 1984 and 1985.

ELECTRONIC MACHINE URGES REJECTION OF ICT OFFER

Mr Tim Plamer, chief executive of Electronic Machine urges shareholders in a letter to reject the bid from International Commerce/Control Technology (ICT) which he says grossly undervalues the company and bears no relationship to its prospects and potential.

He points out that the present board of Electronic has intensified the change of emphasis from sub-contracting to the provision of high technology design and manufacturing facilities, and is eliminating losses in the opthalmic equipment company.

Mr Plamer adds that Electronic's directors, who control 30.87 per cent of the equity, have no intention of accepting the bid.

MANAGEMENT BUY OUT FILM COOLING

Four executive directors and other senior staff of Film Cooling Towers of Kew have acquired the business from its parent, the Montague L. Meyer Group. Charterhouse Development Capital has acquired a 40 per cent equity stake in the new company. Film Cooling Towers is forecasting a trading profit of some £100,000 on UK sales of £1.6m for the year ending September 30 1983.

SHARE STAKES

Bell and Sime—John Fleming and Co (Holdings) acquired 61,700 ordinary shares which brings its total holding to 119,600 ordinary (29.9 per cent).

Greencoat Properties — Fairclough Construction purchased 1.65m ordinary of which increases holding to 6,998,353 (18.78 per cent).

W. G. Allen and Sons—Modelhurst, 42 Northumberland Place, has acquired a further 125,000 ordinary shares, bringing its holding to 335,000 ordinary shares (9.01 per cent).

PRU REDUCES WOOLWORTH STAKE

Prudential Assurance has reduced its stake in Woolworth Holdings, now under new management, from 12.3 to 10.03 per cent. The disposal follows other shareholding changes in the aftermath of the bid for Woolworth from Paternoster. Woolworth World Trade Corporation, the former U.S. parent, has already sold its residual 12.7 per cent stake and Charterhouse Group, one of the driving forces behind the bid, has lightened its holding to 5.5 per cent.

The Pru is understood to have invested at its original level to help push the Paternoster deal through and has taken an appreciable profit on the earlier 150p per share investment. It is thought to have sold to other institutions at a small discount to yesterday's market price of 181p.

YORK MOUNT

York Mount Group has agreed to purchase the freehold property known as Cardigan Trading Estate, Leeds, from the David Dixon Group for £425,000 in cash. York Mount has also reached agreement to build another superstore for Castlecare at Stapleford, Nottingham. Completion is due in October 1983. The value will be in excess of £1m.

EIS/F. SHAW

The offers by the EIS Group for Francis Shaw has been accepted in respect of 98,800 preference (49.4 per cent) and 3,045,835 ordinary (92.3 per cent). EIS intends to exercise compulsory acquisition powers in respect of both the new ordinary and deferred shares in Francis Shaw. Preference offer has been declared unconditional in all respects. Offers remain open for acceptances until further notice.

LONDON TRADED OPTIONS

December 2 Total Contracts 1,445 Calls 820 Puts 625

Option	Ex'cise price	Jan. Closing offer	Vol.	April Closing offer	Vol.	July Closing offer	Vol.	Equity Close
BP (c)	300	14	25	22	—	34	—	298p
BP (c)	330	4	6	16	—	24	—	"
BP (p)	280	7	10	17	—	—	—	"
BP (p)	300	12	16	60	—	36	—	"
CU (c)	120	11	2	15	—	17	—	125p
CU (c)	130	5	—	9	5	15	—	"
CU (p)	150	10	—	15	—	17	50	"
Cons. Gld (c)	360	95	2	—	—	—	—	461p
Cons. Gld (c)	460	25	3	45	1	54	—	"
Cons. Gld (c)	500	6	—	22	3	—	—	"
Cons. Gld (p)	380	3½	9	10	1	18	—	"
Cons. Gld (p)	430	12	—	22	1	62	—	"
Cons. Gld. (p)	460	33	1	47	2	50	—	"
Ctlds. (c)	70	6	7	10	—	12	—	72p
Ctlds. (c)	80	2½	5	6	—	8	—	"
GEC (c)	177	24	15	—	—	—	—	196p
GEC (c)	187	18	8	—	—	—	—	"
GEC (c)	197	13	5	24	2	—	—	"
GEC (c)	200	—	—	—	—	53	50	"
GEC (c)	217	6	17	14	12	—	—	"
GEC (c)	237	3	—	10	4	—	—	"
GEC (c)	260	1	10	6	25	12	—	"
GEC (p)	197	12	16	17	1	—	—	"
GEC (p)	200	—	—	—	—	27	1	"
GEC (p)	217	25	4	30	—	—	—	"
GEC (p)	260	66	2	68	—	72	50	"
Gr'd Met. (c)	280	27	10	32	3	56	—	303p
Gr'd Met. (c)	300	14	8	20	3	25	—	"
Gr'd Met. (c)	330	5	20	12	—	16	—	"
Gr'd Met. (p)	300	12	4	19	—	23	—	"
ICI (c)	260	84	5	94	—	—	—	338p
ICI (c)	300	44	3	54	—	62	—	"
ICI (c)	330	26	14	32	5	38	—	"
ICI (c)	360	10	4	17	—	22	6	"
ICI (p)	300	3	6	8	2	10	—	"
ICI (p)	330	10	18	20	2	26	—	"
Land Sec. (c)	260	14	3	22	1	28	—	263p
Land Sec. (c)	280	5	30	13	—	20	—	"
Land Sec. (c)	300	1½	—	5	5	—	—	"
Land Sec. (p)	260	9	7	12	—	16	—	"
Mks & Sp. (c)	200	23	3	29	10	34	—	218p
Mks & Sp. (c)	220	13	14	18	40	22	—	"
Mks & Sp. (c)	240	5	5	10	—	14	—	"
Mks & Sp. (p)	160	1	11	2	—	—	—	"
Mks & Sp. (p)	220	11	16	17	6	20	—	"
Mks & Sp. (p)	240	29	9	32	2	35	—	"
Shell (c)	390	24	3	36	—	46	—	404p
Shell (c)	420	14	3	24	—	32	—	"
Shell (p)	390	11	25	18	—	24	—	"
		February		May		August		
Barclays (c)	420	15	1	23	—	30	—	398p
Barclays (c)	383	10	5	—	—	—	—	"
Imperial (c)	100	14	5	17	5	—	—	111p
Imperial (c)	110	9	43	12	15	16	5	"
Imperial (c)	120	4½	59	8½	—	11	10	"
Imperial (c)	130	2	29	4	—	—	—	"
Imperial (p)	110	7	—	10	20	13	—	"
Imperial (p)	120	12	10	16	—	19	—	"
Imperial (p)	130	21	—	22	2	—	—	"
Lasmo (c)	280	40	5	50	—	57	2	294p
Lasmo (c)	300	28	18	37	—	45	—	"
Lasmo (c)	330	14	5	24	—	30	1	"
Lasmo (c)	360	6	13	15	2	—	—	"
Lasmo (p)	280	16	—	25	1	34	—	"
Lasmo (p)	330	67	5	65	—	70	—	"
Lasmo (p)	360	80	3	87	—	—	—	"
Lonrho (c)	90	5	124	7	26	26	—	88p
Lonrho (c)	100	2½	6	5½	5	—	—	"
Racal (c)	590	167	3	—	—	—	—	547p
Racal (c)	500	57	1	72	—	—	—	"
Racal (c)	550	25	3	40	—	60	—	"
Racal (c)	600	10	16	25	—	45	—	"
Racal (c)	650	5	—	13	2	—	—	"
Racal (p)	590	1	10	—	—	—	—	"
Racal (p)	500	9	1	14	—	—	—	"
Racal (p)	550	52	55	42	—	50	—	"
Racal (p)	650	107	—	112	2	—	—	"
Vaal Rfs. (c)	70	28	15	27	5	30½	—	$97
Vaal Rfs. (c)	90	10½	6	15	—	17	5	"
Vaal Rfs. (c)	100	8	2	10	—	12	—	"
Vaal Rfs. (p)	90	5	50	7½	50	10	10	"
Vaal Rfs. (p)	100	10	50	12½	50	15½	1	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series	Dec. Vol.	Last	Mar. Vol.	Last	Jun. Vol.	Last	Stock
D FL C F.270	—	—	1	4.60	—	—	F.269.60
D FL C F.285	—	—	6	1	1	3.50	"
D FL P F.265	—	—	21	1	1	3.50	"
D FL P F.275	—	—	22	11.50	20	14.50	"
	Feb.		May		Aug.		
GOLD C $400	10	58	2	75	—	—	$438
GOLD C $425	23	38 A	2	56	—	—	"
GOLD C $450	31	25	8	40	—	—	"
GOLD C $475	16	13	5	33	—	—	"
GOLD C $500	40	8.80 B	25	22	—	—	"
GOLD C $550	1	3	11	11	—	—	"
GOLD P $350	17	0.80	—	—	—	—	"
GOLD P $375	6	4.30 B	—	—	—	—	"
GOLD P $400	37	8	1	15	—	—	"
GOLD P $425	9	14	1	21	—	—	"
GOLD P $450	20	27 B	—	—	—	—	"
12½ NL 81 87-91							
C F.115	12	12.50 A	—	—	—	—	F.127.60
C F.120	15	7.60	—	—	—	—	"
C F.122.50	230	4.90	110	5.30	—	—	"
C F.125	192	3.10	—	—	—	—	"
P F.122.50	—	—	20	1.50	—	—	"
P F.125	616	1	—	—	—	—	"
10½ NL 80 85 85							
C F.100	5	15.90	—	—	—	—	F.114.30
C F.107.50	—	—	20	6.50	—	—	"
C F.110	80	4.30	—	—	—	—	"
11½ NL 82 88-92							
C F.105	60	10.10	—	—	—	—	F.115.30
C F.110	82	5.80	—	—	—	—	"
C F.115	50	3	—	—	—	—	"
C F.115	—	—	45	2.20	5	3.20	"
10 NL 82 86-89							
C F.102.50	165	4.30	—	—	—	—	F.106.90
10 NL 82 11 86-89							
C F.106.50	10	7	1	7.90	—	—	F.109.70
C F.105	45	4.60	—	—	—	—	"
C F.107.50	35	2.50	—	—	—	—	"
	Jan.		April		July		
ABN C F.240	—	—	30	65	—	—	F.303
ABN P F.240	—	—	30	3	—	—	"
AKZO C F.25	33	6.60	97	9.70	46	9.50	F.31.60
AKZO C F.30	29	4.30	42	7.50 B	34	7.20	"
AKZO C F.32.50	110	3.10 A	36	4.80	—	—	"
AKZO C F.35	61	1.60	60	3.50	47	4.50	"
AKZO P F.25	—	—	106	2.70	—	—	"
AKZO P F.32.50	—	—	85	1.90 B	—	—	"
AMRO C F.50	—	—	—	3.50	—	—	F49.70
HEIN C F.120	20	4.50 B	—	—	—	—	F.114.80
HEIN C F.90	34	8	—	—	—	—	F.95.80
KLM C F.100	24	38 A	—	—	—	—	F.136
KLM C F.110	62	27	—	—	—	—	"
KLM C F.120	105	17.50	—	—	—	—	"
KLM C F.130	38	11	—	—	—	—	"
KLM C F.140	164	6	—	—	—	—	"
KLM C F.150	250	3	29	9 A	—	—	"
KLM P F.90	178	0.90	—	—	—	—	"
KLM P F.100	—	—	20	4.20 B	—	—	"
KLM P F.110	—	—	34	6.40	—	—	"
KLM P F.120	54	4	15	12	—	—	"
KLM P F.130	85	8.30	44	14.50 B	—	—	"
KLM P F.140	45	14 B	69	20 B	—	—	"
NEDL C F.100	35	10.50	—	—	—	—	F.109.10
NEDL P F.100	—	—	5	—	—	—	"
NATN C F.130	1	3.50	21	4	12	5.90	F.128.20
PHIL C F.22.50	20	3.90 A	—	—	—	—	F.26.10
PHIL C F.25	45	3.50	8	5.50 A	—	—	"
PHIL C F.27.50	366	1 B	26	2.50	62	2.50	"
PHIL C F.30	74	0.50	77	1.10	29	1.30	"
PHIL P F.27.50	10	1	140	1.60	10	2.50	"
RD C F.90	21	5	22	5.30	22	5.90	F.87.80
RD C F.100	54	0.70	113	2.50 A	15	3.50	"
RD P F.90	10	0.80	92	1.60	—	—	"
RD P F.90	159	4.20	6	5.30	6	7	"
UNIL C F.220	15	2.20 A	15	3.50 A	1	7	F.193.50
UNIL P F.190	20	6 B	—	—	1	12	"
	Feb.		May		Aug.		
BASF C DM.120	—	—	20	6	—	—	DM115
VW C DM.150	50	3	—	—	—	—	DM148.70

TOTAL VOLUME IN CONTRACTS 6721

A=Asked B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday Dec. 8 1982 £	Increase (+) or Decrease (–) for week £
Liabilities		
Capital	14,553,000	
Public Deposits	41,172,843	– 7,909,125
Bankers Deposits	646,450,179	+ 46,058,795
Reserve and other Accounts	2,051,441,603	+ 19,717,590
	2,754,005,645	+ 57,867,360
Assets		
Government Securities	466,280,544	– 1,590,000
Advances & other Accounts	1,243,036,557	+ 42,455,875
Premises Equipment & other Secs.	1,010,562,144	+ 13,279,586
Notes	5,950,558	– 11,705,964
Coin	175,862	+ 17,613
	2,754,005,645	+ 57,867,360

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	11,275,000,000	+ 150,000,000
In Circulation	11,271,049,442	+ 161,705,964
In Banking Department	5,950,558	– 11,705,964
Assets		
Government Debt	11,015,100	
Other Government Securities	6,300,187,958	– 296,863,511
Other Securities	4,957,786,942	+ 446,863,511
	11,275,000,000	+ 150,000,000

MINING NEWS

Increased first-half loss from Geevor Tin Mines

BY GEORGE MILLING-STANLEY

THE WEAKNESS in the world tin market has bit the results of Cornwall's Geevor Tin Mines in the six months to September 30 1982.

Turnover fell to £2.5m from £2.79m in the corresponding period of 1981 and the loss has risen from £17,000 to £244,000. As before, there is no tax charge.

The loss per share came out at 8.21p, against 0.56p last time. In view of the poor results, the directors have not declared an interim dividend.

The average price the veteran Cornish producer received for its tin in the latest six months was £6,856 per tonne, down from £6,993 in the comperable period of last year.

Tin production in the latest period fell from a total of 101,330 tonnes to 94,266 tonnes, with dump production broadly unchanged at 32,313 tonnes and output from the mine falling 11 per cent to 61,953 tonnes.

The recovery grade increased from 4.16 kg of tin per tonne of ore treated to 4.41 kg.

A few months ago, Mr R. H. MacWilliam, then chairman of Geevor, told shareholders that the mine's future was seriously at risk while tin prices remained depressed.

Since then, there has been some slight improvement, but nothing like the significantly higher price he regarded as necessary if Geevor was to provide for the heavy capital expenditure needed to guarantee the mine's future.

Mr MacWilliam has now been succeeded as chairman by Mr Keith Wallis of the London office of South Africa's General Mining Union Corporation (Gencor). The group holds 19.01 per cent of Geevor's stock.

A further 17.87 per cent of Geevor is held by the Rio Tinto-Zinc group, which uses the company's tin concentrate output as feedstock for its smelter at Capper Pass on Humberside.

RTZ announced yesterday that it is going ahead with a reorganisation of its tin and precious metals smelting and refining works at Capper Pass, aimed at increasing the plant's efficiency and reducing operating costs.

Expenses on both energy and labour have been increasing faster than revenue in recent years, and RTZ feels it is time to modernise the plant which was originally built in the 1930s. The programme will cost around £11m.

About 150 jobs will disappear over the next two years, out of a total workforce of 980 people. Most of the job losses will be achieved by natural wastage.

Capper Pass also uses concentrates from the Wheal Jane mine in Cornwall, which is wholly owned by the RTZ group.

Geevor shares fell 2p to 82p in London yesterday.

New loan for MTD (Mangula)

THE financially-troubled Zimbabwe copper producer MTD (Mangula) has been offered a further government loan of Z$3.5m (£2.3m) to finance its losses, reports Tony Hawkins in Harare.

The company, a subsidiary of the South African Messina (Transvaal) Group, said yesterday that it had incurred a net loss of Z$8m in the year to September 30, against a loss of Z$1.5m last year.

Mangula revealed in April that it had borrowed Z$6m from commercial sources under government guarantee.

The company attributed the downturn in its fortunes to depressed copper prices, aggravated by the strength of the Zimbabwe currency.

As before, no dividend will be paid.

It was only after the Mangula statement had been prepared that the Zimbabwe Government announced a 20 per cent devaluation in the Zimbabwe dollar, as reported yesterday. This should provide substantial assistance to the company.

The negotiations with the government on financial assistance will take on a different complexion as a result of the devaluation, as it brings Mangula's return to economic viability that much nearer.

By contrast, it seems that the change in currency parities will not save Empress Nickel Mines in the Rio TintoZinc group. The mine is scheduled to close down at the end of the year.

Empress is currently losing more than Z$1m a month, and the devaluation is not expected to make much of an improvement in the position.

The group is still waiting for a government decision on its request to put the mine on a care and maintenance basis and lay off more than 1,400 workers at the end of December.

Philippines groups still in the red

THE NET loss of Marinduque Mining and Industrial for the first nine months of this year grew to Pesos 1.3bn (£93m), compared with Pesos 898m at the same stage of last year.

The main problem was the prolonged worldwide fall in demand for the group's products, combined with high interest payments on debt. Marinduque is one of the leading metal producers in the Philippines, reports Leo Gonzaga in Manila. The group's products include copper, gold, silver, nickel and cobalt.

Interest payments on Marinduque's outstanding loans, of Pesos 9.6bn amounted to Pesos 900m in the latest nine-month period.

The group also reported on the progress of its programme to phase out its expensive oil-powered plant. The first stage in the transfer from oil to coal at the nickel and cobalt facility at Nonoc on Mindanae Island came into operation on October 30, and the remaining two stages should be completed by next March.

Last week, a consortium of local and foreign banks provided financial assistance to this programe in the form of a loan of U.S.$30m (£19m).

The consortium included Allied Pacific Corporation of Panama, Banque Indosuez of France, First National Bank of Boston and Wells Fargo Asia of Singapore.

Domestic banks involved included Family Bank and Trust, Filinvest Finance and Insular Bank of Asia and America.

Weak metal prices worldwide continue to affect other Philippines producers. The medium-sized gold and silver producing Itogon-Suyoc Mines in the Baguio district of Luzon Island made a pre-tax loss of Pesos 1.4m in the first nine months of the year.

Minet profits decline in Australia

DEPRESSED DEMAND for minerals, coupled with sharply rising wages costs, left the net profits of Australia's mining industry 70 per cent lower in the 12 months to June 30, according to a survey issued yesterday by the Australian Mining Industry Council (AMIC).

AMIC said that 62 of the 129 companies covered by the survey reported losses totalling A$427m (£250m). Total profits of the companies involved reached A$240m, down from A$640m in the previous year.

Costs in the latest year increased by 13.1 per cent, with labour costs rising no less than 16 per cent and government services by a similar amount, purchases from suppliers 12 per cent higher and interest expenses a massive 32 per cent up.

Operating revenues were only 1.6 per cent higher. The net return on shareholders' funds was 2.5 per cent, down from 10.9 per cent in 1980-81.

By contrast, capital spending more than doubled to a figure in excess of A$3bn. The survey pointed out that capital expenditure reflects plans conceived in previous years, when general economic conditions were very different.

Eldridge Pope improves

In reporting pre-tax profits up from £1.58m to £1.67m for the year to September 30, 1982, the directors of Eldridge, Pope and Company say there was a marked recovery in the volume sales of almost all products during the second half. In line with the trend at the half-year, the contribution from managed houses and the free trade improved significantly.

They say that the key factor, however, during a period of continued pressure on margins, has been a careful control of costs.

The total dividend is raised from 9.5p to 11p with a final of 6p (5.5p). Pre-tax profits include property sale profits of £61,000 (£412,000) and employee share scheme contribution of £84,000.

Hawkins and Tipson losses reduced

After a fall in second half taxable losses from £348,000 to £215,000, rope, wire products and furniture maker, Hawkins and Tipson reduced the losses for the year to August 31 1982 to £772,000 compared with £824,000. Turnover for the 12 months edged ahead from £16.09m to £17.02m.

With losses per 25p share given as 8.28p (9.51p) the year's single dividend payment is maintained at 1p net a share.

The directors say trading conditions, which had seriously deteriorated in the previous year, showed no improvement and remained extremely depressed. Exports at £6m represent 35 per cent of total sales compared with 37 per cent last year.

The losses were largely attributable to wire products (operating loss £673,000) they say, but natural and synthetic ropes faced increasing competitive pressure in export markets which led to losses (operating loss £278,000).

Leisure Products continued to improve (operating profit £428,000).

Taxable losses were struck after interest payable of £438,000 (£445,000) and an exceptional credit of £189,000 for the recovery of surplus funding following the amalgamation of the company's two pension funds.

There was a tax credit of £53,000 (£1,000 charge) and after extraordinary debits of £997,000 (£449,000) the attributable losses came to £1.72m (£1.27m). Dividends absorb £87,000 (same) leaving retained losses of £1.8m (£1.36m).

The extraordinary debits represent amounts written off on the sale of Smith Wires (£693,000), the revaluation of factories (£193,000) and certain restructuring costs.

Current cost adjustments increased the pre-tax losses to £1.11m (£1.05m) and losses per share to 12.1p (same).

£924,000 turnround at Shaw Carpets

Cost reductions effected by Shaw Carpets in the previous financial year, plus an 11 per cent increase in turnover, have enabled the company to return to profitability. In the 26 weeks to October 29, 1982, pre-tax profits were £142,000 — a £924,000 turnround from the losses of £782,000 reported in the opening half last year.

Turnover of this Barnsley-based tufted carpet manufacturer, improved from £16.61m to £18.47m of which £1.56m (£2.24m) was direct exports.

Mr J. W. H. Hartley, the chairman, says there is every indication that progress will be maintained in the second half. Capital expenditure in the first half has been minimal, with a resultant improvement in liquidity. There are no significant capital commitments in the remainder of the year, he says.

The first half pre-tax profits were struck after depreciation down from £405,000 to £358,000 and interest charges up from £60,000 to £126,000. There was again no tax. After preference dividends totalling £59,000 (same), attributable profits emerged at £83,000 against losses of £841,000. No interim dividend is again payable — last year a nominal final of 0.1p net was paid. Earnings per 10p share were 0.5p (4.7p losses).

BEAUFORT PURCHASE

Beaufort Computer Services has purchased from Costain Group and John Mowlem and Company the activities of their computer services company Computel.

CONTRACTS

£4m respirator order for Avon Industrial Polymers

The Ministry of Defence has awarded the full development phase of a new general service respirator for the British armed forces to AVON INDUSTRIAL POLYMERS, part of the Avon Rubber Group. The Ministry has also awarded Avon an initial production order for 70,000 respirators. The orders represent business worth £4m and the company believes that as the respirator is designed and manufactured to Nato specifications, substantial additional overseas sales from Nato countries can be anticipated.

★

F. CLAY AND SONS (CONTRACTORS) has secured two contracts worth around £1.25m. F. Clay will build 25 dwellings plus common room for the district of the Wrekin Council at Windsor Road, Wellington, Shropshire, at a cost of around £500,000. The other contract is for 33 dwellings with community block for Wolverhampton Borough Council at Marnel Drive, Bradmore, Wolverhampton, costing £750,000.

★

Following three exhibitions in the Soviet Union, INSTRON has won orders for materials testing machinery and systems valued at £1m. The equipment will be used for projects at different research institutes in the USSR.

★

PERMALI GLOUCESTER, a member of the BTR Group, has won a contract worth over £1m to supply charge cases for the Royal Navy's remote control mine disposal system. The totally non-magnetic system, installed in the Royal Navy's mine countermeasures vessels, provides detection, remote guidance and detonation. The specifications demand that the cases resist moisture and chemical attack over long periods of time.

★

Orders worth a total of some £370,000 have been won by FLEXIBOX INTERNATIONAL, part of the Burmah Group. Flexible couplings valued at $200,000 (£121,431) are to be supplied in the U.S. to Pacific Pumps for use by Amoco, and will be delivered in 1983. In Australia, Flexibox has won an order for new seals and spares valued at A$315,000 (£185,567) for installation in pumps made by Ingersoll Rand for the Electricity Commission of New South Wales. Orders worth £70,000 have also been won in Sweden for the supply of Metastream couplings for use in milk processing and packaging equipment produced in southern Sweden.

★

PROJECT OFFICE FURNITURE has won a batch of contracts worth over £4m. Public sector contracts worth £1.8m include the UK Atomic Energy Authority and new local authority buildings in Berkshire, Guildford and Woking. Banking and insurance clients include four of the five big banks, Willis Faber and Dumas, the Legal and General, accounted for contracts worth over £1.3m. Industrial sector contracts totalling over £1m were signed with Shell, Eaton Transmission, Ireland Frozen Foods, Litras, IPC, Cadbury Schweppes, Mobil, Burroughs and the RAC. A two year contract extension with Unilever's office supply subsidiary has been agreed, worth £1m.

★

THORN EMI INSTRUMENTS of Dover, Kent, has entered a new product area with the manufacture of a pulse echo oscilloscope for the first time. Designed by British Telecom and produced at Thorn's Dover plant under a contract worth around £230,000, the instrument is called the Tester 301A portable cable fault locator. It is designed to be used in conjunction with another test set—the Type 18B cable fault location bridge which is also being manufactured by the company on behalf of British Telecom, the company is half-way through a £1.5m order.

COMMODITIES AND AGRICULTURE

Coffee down again

COFFEE prices on the London futures market fell sharply again yesterday with the March quotation closing £57 down at £1,556.50 a tonne.

In recent weeks the market has been see-sawing as upward and downward "corrections" have followed overdue movements.

Yesterday's downturn was attributed to the market's failure to break through a resistance level at £1,630 a tonne following a three-day rise amounting to nearly £100.

● ALUMINIUM consumption in the West is likely to increase by 50 per cent by 1990, according to a report published in the Zurich-based Swiss Aluminium Review, writes John Wicks from Zurich. The report sees demand growing at an average annual rate of only 2 per cent to 3 per cent in industrialised countries, but 7 per cent to 8 per cent in developing countries.

● JORDAN has opened a large fertiliser complex on the Red Sea to turn a quarter of the phosphates mined in the country into fertiliser. Phosphates were Jordan's most profitable export last year, with a value of $150m, and it is hoped the new complex will earn Jordan $170m in a year.

● BARLEY exports from Australia in the 1982-83 crop year are expected to slump from 2m tonnes last season to 470,000 because of the drought reduced harvest.

● INDONESIA is to have its own commodity exchange in Jakarta, Indonesian traders have said. The exchange is expected to come into being in six months, although a report that President Suharto signed a decree authorising the exchange earlier this month has not been confirmed officially.

● MILK MARKETING Board has released its latest edition of EEC Dairy Facts and Figures for 1982. The publication gives comprehensive details of dairying in the EEC countries going back as far as 1960.

Lead at 6-year low

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES dropped to the lowest level since August 1976 on the London Metal Exchange yesterday as markets generally came under selling pressure following a fall in gold. Cash lead closed £7.5 lower at £268 a tonne, making a loss of £14.5 so far this week.

The market has been depressed by continued selling from the U.S., where lead stocks are reported to be building up in the face of poor demand. Speculative selling yesterday was triggered off when the three-months quotation broke through an important chart point of £283 and fell to £278.75.

Aiding the downturn in lead was an easier trend in its sister metal, zinc, where the cash price lost £5.25 to £406.75 a tonne. The market was hit by news that Asarco had lowered its U.S. producer selling price by 2 cents and that Prayon of Belgium planned to reopen its smelter at Ehein. The plan to reopen comes just when European smelters are attempting to persuade the EEC Commission to agree to a scheme for the rationalisation of the Community's zinc smelting capacity.

After a meeting in The Hague yesterday Billiton International Metals said it was encouraged by progress towards agreement of the scheme, which includes the establishment of a jointly-financed fund to pay for closing excess production capacity.

Copper prices also fell sharply yesterday, following the decline in the New York market overnight and a drop in gold. High grade cash copper closed £15.75 lower at £905.75 a tonne. International Nickel chairman, Mr C. F. Baird, admitted in a talk to financial analysts in Toronto that Inco's prices were now closer to London Metal Exchange quotations than the producer list prices, which he said are "no longer a good basic reference price."

He said Inco would not disclose its average realised nickel prices for 1982 until February, but they were "obviously significantly lower" than the $2.99 a lb realised in 1981.

Higher crop prospects hit sugar

By Richard Mooney

THE WORLD sugar market came under renewed pressure yesterday as established "bear" sentiment was heightened by reports of rising production trends in India and Europe.

In the morning, the London daily raw sugar price was fixed £6 down at £102 a tonne and on the London futures market the March position ended the day £7.975 down at £115.10 a tonne.

In New Delhi, the Indian Sugar Mills Association reported that output up to November 15 totalled 283,000 tonnes, up from 234,000 at the same point last year. Meanwhile West German sugar statistician F. O. Licht raised the European 1982-83 production estimate from 31.135m tonnes to 31.461m.

Licht's EEC output estimate was lifted from 14.442m tonnes to 14.56m while Poland's was raised from 1.62m to 1.902m. But the Soviet figure was reduced to 7.1m tonnes from a first estimate of 7.5m.

Compromise close on U.S. futures trade legislation

BY NANCY DUNNE IN WASHINGTON

A HOUSE-Senate conference committee seems well on its way to hammering out a compromise on legislation reauthorising the Commodity Futures Trading Commission (CFTC).

So far the conferees have apparently agreed on the four-year re-authorisation contained in the House bill and a provision permitting the Commission to raise funds through service fees.

Both houses rejected the Administration's plan for a user fee which had brought threats of a veto from the White House. However, industry officials reportedly met with officials of the Office of Management and Budget last week to work out a compromise.

They produced a plan which would raise up to $2m next year by charging for a number of CFTC services. Fees, for example, would be charged for registration of futures commission merchants and the Commission's reparations services.

The House-Senate committee must still work out a position on the export contract sanctity provision passed by the Senate but not by the House which the Administration strongly opposes.

Campaign against Dutch produce

Financial Times Reporter

THE Women's Farming Union, which spearheaded the campaign against imported French apples, now plans to do battle with Dutch horticulturists its chairman Mrs Teresa Wickham said yesterday.

The campaign is to present the glasshouse growers' case to Mr Peter Walker, Agriculture Minister, and draw the British housewife's attention to the advantages of buying British produce when it is available.

FARMER'S VIEWPOINT

Between Scylla and Charybdis

MR RICHARD BODY, MP is a Conservative member of Parliament for an agricultural constituency and has been a farmer in his time. Even so he has not shrunk from attacking most of the policies and institutions which govern British agriculture today.

The Common Agricultural Policy is an obvious target, distorting trade with former suppliers in the Third World and elsewhere, pushing up the price of food so that the consumer is buying and eating less.

This is fair comment and to be expected from a well known anti-marketeer; I have made the same points myself often enough. But then he switches his attack to British farming, without underlining the point that had we not joined the Community ten years ago we might still have been farming under the system of deficiency payments and standard quantities which he attacked so vehemently in a pamphlet written in 1965, a copy of which he was good enough to send me.

He then recommended a policy of expansion and protection from imports so that British farming could realise its full potential. Someone, somewhere, was obviously listening, and the present policy could well be the answer to Mr Body's prayers. But he has now completely changed his tack. He has become an enthusiastic free trader, wishing in fact to go back to the repeal of the Corn Laws and would welcome the situation as we had in the period 1919 to 1939. Most of us farming then look a very different view from his.

In 1931 British farming was almost unprotected. It is true that the importation of cheap cereals encouraged livestock farming. This was a period when I started myself, but was only able to do so because my predecessor's assets of land, livestock and equipment had devalued by 80 per cent.

That was the time when farms were amalgamated into bigger units without any help but the bankruptcies of their previous occupants. Those who have left in the past ten years should at least have gone out solvent.

Nor did the benefits of absolute free trade reach many of the supplying countries. I spent from 1928 to 1932 in New Zealand and Argentina where conditions were much worse for the farmers sending cereals and other products to the UK than they were here.

It was different on the Continent where protectionism in most of the countries which are now in the EEC saw to it that their farmers were spared the virtual destruction that some sections of British farming suffered then. It is possible that absolute free trade really works as Mr Body claims, but so far this policy has never been universally implemented on a world scale. Until it is, and there is no way to police those inclined to cheat, it would be suicide for any country to embrace it unilaterally in agriculture or anything else.

Mr Body is right when he claims that the present policies have driven up the price of land and attracted outside investment on a scale that many farmers deplore.

But short of having the firm controls on land occupancy which exist in many European countries, I don't see what can be done about it. Farmers may indeed have been encouraged to grow crops on land which is unsuitable, thus enriching the machinery and fertiliser manufacturers, although these latter are far from happy at the moment.

He claims that large areas of Grade Three land are now tilled and that such cropping should be reserved to land of Grade One and Grade Two standard. But it is becoming abundantly clear that it is probably just as economic to crop the inferior grades and that it is really the quality of the farmer and not the land that really determines the results.

Farmers do, as he points out, benefit from certain fiscal advantages, derating of buildings, advisory services provided by the State and animal health measures. These, as he well knows, are under attack at the moment. Farmers do not, as he implies, receive tax concessions which are denied to other self-employed citizens.

Mr Body's policies could only come into being if Britain withdrew from the Common Market, so this book should be essential reading in a run up to any election where membership is in question. The problem would then arise as to where he would stand if the CAP disappeared overnight. Or would he plunge us back into the 1930s.

Agriculture: The Triumph and the Shame. By Richard Body, MP. Published by Maurice Temple Smith, £2.95.

John Cherrington

Chinese grains record forecast

BY JOHN WICKS IN ZURICH

CHINESE grain and oilseed production is likely to reach a record volume of some 336m tonnes this year, according to a report issued by Cargill Investor Services. This would compare with a previous high of 332.1m tonnes registered in 1979.

Within this total, the rice crop is seen as reaching a record 146.5m tonnes, as compared with 143.2m tonnes last year and 143.75m tonnes in 1979. The report says that over the period 1977-82 Chinese rice production has averaged an annual growth rate of 2.7 per cent.

In spite of a drought in the northern provinces, wheat production is estimated at 59.5m tonnes, which is below 1979's record of 62.73m tonnes but almost 1m tonnes up on the 1981 crop. Favourable planting conditions are expected to yield a 1983 crop of more than 60m tonnes. Future growth in Chinese wheat imports may be limited, says Cargill, which points out that since 1977 there has been a growth in production equal to an average 8.9 per cent per year.

Coarse grains production is put at some 83.5m tonnes for 1982, above last year's levels but below the 1980 record crop of 84.8m tonnes. In line with government plans to increase livestock breeding, the report anticipates a possible gain in coarse-grain imports in the future.

Australian wheat exports

MELBOURNE — The Australian Wheat Board said wheat exports in 1981-82 to November 30 rose to 11.65m tonnes from 9.45m tonnes the previous year.

However, the provisional total fell just short of the Board's 12m tonne target for the shipping year which was disrupted in the early months by a series of severe labour disputes.

It was also under the record export total of 13.05m tonnes reached in the 1979-80 year.

PRICE CHANGES

In tonnes unless stated otherwise	Dec. 9 1982	+ or −	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$915/1905	......	$965/995
Copper			
Cash h grade	£905.75	−15.7	£871.25
3 mths	£921.75	−11.5	£879.25
Cash Cathode	£862.5	−8.5	£824.5
3 mths	£885.75	−7.75	£844.25
Gold troy oz	$437	−7.5	$403
Lead Cash	£268	−7.5	£281.5
3 mths	£278.75	−7.5	£291.75
Nickel	£4133.5	......	£4133.5
Free mkt	148/178c	......	155/185c
Platin'm troy oz	£260	......	£260
Free mkt	£229.55	−2.95	£109.30
Quicksilver†	$360/370	+5	$358/365
Silver troy oz	645.40p	−14.35	590.10p
3 mths	661.20p	−14.60	603.15p
Tin Cash	£7462.5	+7.5	£7417
3 mths	£7437.5	−15	£7417.5
Tungsten	$102.59	......	$101.18
Wolfrm 22.04 lb	$80/84	......	$88/94
Zinc Cash	£406.75	−5.25	£432.5
3 mths	£419.25	−5.375	£439.25
Producers	$800	......	$800/850

	Dec. 9 1982	+ or −	Month ago
Oils			
Coconut (Phil)	$427.5w	+2.5	$415
Groundnut	$470w	......	‡
Linseed Crude	£322	......	£328
Palm Malayan	$377.5z	+2.5	$365
Seeds			
Copra Philip	$290w	+5	$260
Soyabean (U.S.)	$238	−1.25	$236.5
Grains			
Barley Fut. Mar	£114.20	−0.65	£112.15
Maize	£143.00	......	£136.00
Wheat Fut. Mar	£119.20	−0.30	£116.95
No. 2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1063	−1	£1060
Future Mar	£1012.5	−1	£966.5
Coffee Ft' Mar	£1556.5	−57	£1529.5
Cotton A. Index	69.10c	−0.05	69.35c
Gas Oil Jan	$286.75	+4.25	$299.25
Rubber (kilo)	50.75p	−0.25	46.5p
Sugar (Raw)	£102w	−6	£98
Wool' ps 64s kl	372p kilo	......	364p kilo

‡ Unquoted. z Jan. w Dec-Jan. † Per 16-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	30.00-30.25	+0.62
Iranian Light	29.10-29.25	+0.47
Arabian Heavy	27.50-28.01	+0.63
North Sea (Forties)	31.20-31.50	+0.85
African (Bonny L'ht)	32.00-33.20	+0.50
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	290-295	−1.0
Gas oil	280-295	+3.5
Heavy fuel oil	159-162	—

GAS OIL FUTURES

Weakness in the New York physical market after bearish stock figures brought the market in $2.53 lower, but steady U.S. buying and firmness in New York lifted prices before they dipped towards the close, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	U.S. $ per tonne		
Dec	290.50	+2.50	291.00-85.00
Jan	280.75	+4.25	287.25-77.00
Feb	283.50	+8.75	285.00-74.25
March	278.25	+3.75	281.00-70.00
April	273.50	+4.00	271.00-61.00
May	270.50	+4.50	272.00-69.00
June	265.00	—	—
July	267.50	+0.50	—
Aug	272.50	+3.50	—

Turnover: 4,779 (4,291) lots of 100 tonnes.

GOLD MARKETS

Gold fell $7¼ to $436½-437½ in the London bullion market. It opened at $440-441, and was fixed at $442.50 in the morning, and $437.50 in the afternoon. The metal touched a peak of $433-$444, before falling to a low of $434-435 on selling from New York.

In Paris the 12½ kilo gold bar was fixed at FFr 98,400 per kilo ($442.56 per ounce) in the afternoon, compared with FFr 98,400 ($440.68) in the morning and FFr 98,250 ($442.56) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,920 per kilo ($444.02 per ounce), against DM 35,080 ($448.97) previously, and closed at $437-438½, compared with $444½-446.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $440.50 per ounce, against $451.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
December	436.90-7.00	−8.850	442.50-40.5
January	485.50-40.0	−8.500	—
February	442.00-2.50	−9.450	449.50-39.5
March	445.00-6.00	−9.350	449.00-46.0
April	449.50-50.5	−8.500	449.50-48.0
May	452.00-3.00	−9.000	—
June	455.50-6.70	−8.850	—

Turnover: 977 (1,342) lots of 100 troy ounces.

	Dec. 8		Dec. 8	
Gold Bullion (fine ounce)				
Close	$436½-437½	(£270½-271)	$444-445	(£273-273½)
Opening	$440-441	(£272½-273)	$452¼-453¼	(£277¼-277¾)
Morning fixing	$442.50	(£273.706)	$449.25	(£274.267)
Afternoon fixing	$437.50	(£270.814)	$445	(£273.644)

Gold Coins Dec. 9					
Krugrnd	$450-451	(£278¾-279¼)	King Sov	$104-105½	(£64-64½)
½ Krug	$232-233	(£143½-144¼)	Victoria Sov	$104-105½	(£64-64½)
¼ Krug	$118-119	(£73-73¾)	French 20s	$91½-93¼	(£56¾-58)
1/10 Krug	$48-49	(£29¾-30½)	50 pesos Mex	$525-528	(£325-327)
Mapleleaf	$448-450½	(£278-279)	100 Cor. Aust	$424-428	(£262½-265)
New Sov	$103-103¾	(£63¾-64¼)	$20 Eagles	$480-485	(£297¼-300¼)
½ New Sov	$60½-62½	(£37½-38¾)			

EUROPEAN MARKETS

ROTTERDAM, December 8.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13 per cent Jan 187. U.S. No Two Red Winter mid Dec/mid Jan 156, Jan 157, Feb 158, March 160. U.S. No Three Amber Durum Dec 162, April-May 173, May 179, June 180, July 181. U.S. No Two Northern Spring 14 per cent Dec 180, Jan 184, Feb 186.50, March 187, April/May 172.50, June 173. Canadian Western Red Spring April/May 202.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Dec 232, Jan 233, Feb 235.50, March 237, April 238.50, May 239.50, June 240.50, July 241.25, Oct 222.80, Nov 222.80, Dec 237.25 sellers. Argentine June 235, July 235 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 218, Dec 217, Jan 217, Jan/March 218, April/Sept 214.50, Nov/March 220.50 sellers. Pellets Brazil afloat 226, Dec 228, Jan 230, Feb 236, Jan/March 231, April/Sept 222 sellers.

Maize—(U.S. $ per tonne): U.S. No Three Yellow afloat 118, Dec 117.50, Jan 117.50, Feb 117.50, March 117.50, April-June 119, July/Sept 121, Oct/Dec 123 sellers.

PARIS, December 9

Cocoa—(FFr per 100 kilos): Dec 1095-1150, March 1150-1155, May 1175-1180, July 1205 bid, Sept 1240-1265, Dec 1280-1300, March 1310-1320. Sales at call: One.

Sugar—(FFr per tonne): March 1550-1560, May 1595-1605, July 1625-1635, Aug 1665-1680, Oct 1710-1725, Nov 1710-1725, Dec 1775-1795, March 1795-1775. Sales at call: One.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES came under persistent selling pressure on the London Metal Exchange. COPPER fell sharply to close at £924 following the weak opening on Comex and the decline in Gold. ZINC dropped to £416 before rallying to close at £421 in response to news that Prayon are to recommence production in Belgium and also following news that Asarco have cut their U.S. producer price by 2 cents.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
HighGrde	£	£	£	£
Cash	910-1	−12.7	905.5-6	−15.7
3 months	924-6	−10.7	921.5-2	−11.5
Settlem't	911	−12.5		
Cathodes				
Cash	866-1	−5.75	862-3	−8.5
3 months	889-8.5	−7.25	885.5-6	−7.75
Settlem't	866.5-7.5	−7.5		
U.S. Prod.	—		*70-4	

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £911.00, 910.50, three months £926.00, 25.50, 25.00, 24.50. Cathodes: Cash £867.00, 66.00, 67.00, three months £589.00, 88.00, 87.00. Kerb: Higher Grade, three months £923.00, 22.50, 22.00. Afternoon: Higher Grade, three months £918.00, 18.50, 18.00, 20.00, 20.50, 21.00, 21.50, 22.00. Cathodes, three months £885.00, 86.00, 85.50. Kerb: Higher Grade, three months £922.00, 23.00, 23.50, 24.00, 25.00, 24.50, 24.00. Turnover: 30,875 tonnes.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7450-60	−29	7460-5	+7.5
3 months	7440-5	+1.5	7435-40	−15
Settlem't	7460	+35		
Standard				
Cash	7450-60	+43.5	7460-5	+7.5
3 months	7440-5	+15	7435-40	−15
Settlem't	7460	+35	—	
Straits E.	$29.15			
NewYork				

Tin—Morning: Standard, cash £7,450, three months £7,465, 60, 40, 30, 35, 40. Kerb: Standard, three months £7,440, 7,445. Afternoon: Standard, three months £7,445, 50, 40, 35. Kerb: Standard, three months £7,445, 50, 40, 35, 30, 35, 40. Turnover: 1,005 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	272-3	−6.37	267.5-5	−7.5
3 months	283-.5	−3.25	278.5-9	−7.5
Settlem't	273	−3		
U.S. Spot	—		*20.5-28	

Lead—Morning: Cash £273.00, three months £286.00, 86.50, 86.00, 85.00, 84.00, 82.00, 82.50, 83.00, 83.50. Kerb: Three months £282.50, 82.00, 81.00, 80.00, 79.00. Afternoon: Three months £279.00, 78.00, 77.00, 77.50, 78.00, 79.00, 78.00, 78.50. Kerb: Three months £279.00, 79.50. Turnover: 11,075 tonnes.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	409-10	−2.25	406.5-7	−5.25
3 months	422-.5	−2.5	419-.5	−5.37
Settlem't	410	−2		
Primw'ts	—		*38.75-40.7	

Zinc—Morning: Cash £405.00, 10.00, three months £426.00, 25.00, 23.00, 23.50, 22.00, 21.00, 22.00, 23.00. Kerb: Three months £422.00, 21.00. Afternoon: Cash £407.00, three months £420.00, 19.00, 18.50, 18.00, 17.50, 17.00, 18.00, 18.50, 18.00, 19.50, 20.00, 19.50, 19.00, 18.00, 19.00. Kerb: Three months £419.50, 20.00, 21.00. Turnover: 3,027 tonnes.

ALUMINIUM

Aluminm	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	609-10	−1.75	608.5-.5	−2
3 months	627.5-8	−1	627-.5	−2

Aluminium—Morning: Three months £620.00, 28.00, 28.50, 28.00, 27.50, 28.00. Kerb: Three months £628.00. Afternoon: Three months £626.00, 26.50, 27.00, 27.50. Kerb: Three months £626.00. Turnover: 13,750 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	2190-200	−50	2170-5	−55
3 months	2205-10	−55	2190-5	−45

Nickel—Morning: Cash £2,195, 2,200, three months £2,190, 80, 90, 85, 90, 2,200, 10. Kerb: Three months £2,210, 15. Afternoon: Three months £2,200, 10, 05, 2,200, 2,185, 90, 87, 90, 88. Kerb: Three months £2,185, 95, 2,205. Turnover: 1,236 tonnes.

SILVER

Silver was fixed 14.45p an ounce lower for spot delivery in the London bullion market yesterday at 645.4p. U.S. cent equivalents of the fixing levels were: spot $10.452, down 33c; three-month $10.68, down 33.3c; six-month $10.927, down 32.1c; and 12-month $11.48, down 37.1c. The metal opened at 673-675p ($10.88-11.02) and closed at 652-654p ($10.62-10.66).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	645.40p	−14.3	639p	−17
3 months	661.20p	−14.6	655.25p	−17
6 months	677.00p	−13.5		
12 months	710.40p	−16.6		

LME—Turnover: 134 (135) lots of 10,000 ozs. Morning: cash 646.5, three months 662.0, 61.5, 62.0, 62.5. Kerb: three months 661.5, 61.0. Afternoon: Three months 652.0, 53.0, 52.5, 55.0, 56.0, 55.0, 55.5. Kerb: Three months 655.0, 56.0, 58.0, 58.5.

COCOA

Futures initially were quietly steady but later eased as trade houses hedged West African sales. Arbitrage buying and commission house short-covering steadied prices in active trading for the earlier losses to be pared, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Dec	1010-12	−7.5	1019-09
March	1012-13	−7.0	1018-02
May	1026-27	−3.0	1035-18
July	1041-42	−5.5	1048-35
Sept	1057-60	−2.0	1065-52
Dec	1084-85	—	1089-78
March	1103-05	−1.5	1110-98

Sales 3,384 (1,671) lots of 10 tonnes.

ICCO—Daily price for Dec 9: 71.51 (72.37). Indicator price for Dec 10: 72.67 (73.17).

COFFEE

Following a March limit-down close in New York, London opened lower, reports Drexel Burnham Lambert. The market was under constant pressure from commission house selling and, although sporadic dealer buying temporarily halted the slide, on an erratic close prices dipped.

COFFEE	Yest'day's Close	+ or −	Business Done
January	1711-16	−53.5	1740-00
March	1556-57	−57.0	1591-50
May	1460-65	−47.0	1491-42
July	1372-74	−30.0	1387-40
Sept	1300-15	−22.5	1320-90
Nov	1255-65	−9.5	1260-30
January	1210-25	−23.0	1228-92

Sales: 6,280 (4,353) lots of 5 tonnes.

ICO Indicator price for Dec 8 (U.S. cents per pound): Comp. daily 1979 132.39 (123.42); 15-day average 132.43 (132.30).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yest'rd'ys close	+ or −
Jan	117.05	−0.25	111.95	−0.65
Mar	119.20	−0.30	114.20	−0.65
May	122.00	−0.35	117.00	−0.55
July	124.75	−0.35	—	
Sep	113.55	−0.05	108.20	−0.10
Nov	116.55	−0.05	111.35	−0.05

Business done—Wheat: Jan 117.35-117.05, March 119.45-119.15, May 122.40-120.00, July 125.15-124.75, Sept and Nov untraded. Sales 229 lots of 100 tonnes. Barley: Jan 112.45-111.95, March 114.35-114.20, May 117.50-117.00, Sept 108.15-108.10, Nov 111.30-111.20. Sales: 256 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Jan 124.50, Feb 126.50, March 127.25 transhipment East Coast sellers. English Feed fob Jan-March 119.25 East Coast seller. Maize: French Dec 143 East Coast seller. South African White/Yellow Jan-Feb 87 quoted. Barley: English Feed fob Jan-March 122 East Coast seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S East 117.50, N West 118.00. Feed barley: S East 112.00, S West 108.50, W Mids 110.10, N West 110.90. The UK monetary coefficient for the week beginning Monday December 13 is expected to remain unchanged.

POTATOES

In quiet trade the market was firmer in the morning but slipped back in the afternoon before recovering towards the close, reports Coley and Harper.

Month	Yesterd'y close	Previous close	Business Done
	£ per tonne		
Feb	79.00	78.80	79.20-79.00
April	105.30	105.30	105.5-104.80
May	110.60	110.50	112.0-109.40
Nov	67.50	67.80	—
Feb	76.00	75.80	76.00

Turnover: 318 (286) lots of 40 tonnes.

RUBBER

The London physical market opened unchanged, attracted fair interest throughout the day and closed quiet. Lewis and Peat reported a December fob price for No. 1 RSS in Kuala Lumpur of 192.0 (186.75) cents a kg and SMR 20 170.0 (169.0).

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
Jan	51.70-52.40	51.40-51.80	—
Feb	52.30-52.50	52.00-52.50	—
Jan-Mar	52.40-52.50	52.10-52.20	52.50-52.40
Apl-Jne	54.90-55.00	54.70-54.80	55.20-54.70
Jly-Sept	57.20-57.40	56.70-57.20	57.80-57.50
Oct-Dec	59.50-59.60	59.40-59.50	59.70-59.20
Jan-Mar	61.70-61.80	61.70-61.80	62.20-61.80
Apl-Jne	64.10-64.20	64.00-64.30	64.70-64.20
Jly-Sept	66.50-66.70	65.50-66.60	67.10-66.60

Sales: 447 (489) lots of 15 tonnes; nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 50.75p (50.50p); Jan 54.25p (54.00p); Feb 54.75p (54.50p).

SOYABEAN MEAL

The market opened stronger on weaker sterling, reports T. G. Roddick. Prices remained steady in narrow ranges.

	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Dec	139.00-41.5	+0.25	—
Feb	141.70-41.2	+0.25	141.00-40.70
April	140.00-40.5	+0.35	140.00
June	136.60-37.1	+0.45	136.50
August	136.60-37.2	+0.25	—
October	137.00-38.0	+1.75	—
Dec	139.50-40.5	+0.75	—

Sales: 231 (73) lots of 100 tonnes.

SOYABEAN OIL—The market opened $1.00-$2.00 down in light trade and remained dull. Close (U.S. $ per tonne): Dec 409.00, 415.00, untraded; Feb 423.00, 426.00, 422.00; April 429.00, 432.00, untraded; June 435.00, 436.00, 435.00; Aug 436.00, 443.00, untraded; Oct 440.00, 450.00, untraded; Dec 444.00, 460.00, untraded. Sales: 20 (16).

SUGAR

LONDON DAILY PRICE—Raw sugar £102.00 (£108.00) a tonne cif Dec-Jan shipment. White sugar daily price £137.00 (£144.00).

The market was initially steady around overnight levels but after publication of Licht's second estimate of European sugar production prices gave way, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
Jan	100.00-15.00	115.00-20.00	—
March	115.00-15.25	125.05-25.10	123.10-15.00
May	118.75-18.80	126.60-26.90	126.50-18.70
Aug	123.00-24.00	131.60-31.75	131.25-23.50
Oct	129.80-29.50	131.00-37.25	136.25-29.50
Dec	134.50-35.40	142.50-45.25	—
March	140.00-41.00	146.00-49.00	142.50

Sales: 8,734 (2,772) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.50 (same) a tonne for home trade and £207.00 (£213.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Dec 8: Daily price 6.39 (6.73); 15-day average 6.61 (6.62).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business). New Zealand cents per kg. Dec 350, 370, nil; Jan 355, 365, 358; March 365, 370, 369; May 377, 381, 379-373; Aug 395, 390, 395; Oct 398, 400, 399-398; Dec 403, 406, 406-402; Jan 405, 410, 411; March 410, 412, 411; May 417, 419, 418. Sales 48.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 507.0, 509.0, 509.0-507.0; March 522.0, 522.5, 522.5-522.0; May 534.0, 536.0, 534.0; July 544.0, 545.0, 544.0; Oct 533.0, 535.0, untraded; Dec 536.0, 536.5, 536.9; March 545.0, 550.0, untraded; May 548.0, 560.0, untraded. Sales: 42.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 80 tonnes. Many users were reluctant to assess their future position and tended to avoid forward commitments. Minor purchases were mentioned in specialist growths notably those available from Middle Eastern supplies.

INDICES

FINANCIAL TIMES

Dec. 8	Dec. 7	M'th ago	Y'ar ago
235.05	234.28	229.97	245.30

(Base: July 1 1952 = 100)

REUTERS

Dec. 9	Dec. 8	M'th ago	Y'ar ago
1577.6	1583.0	1523.2	1592.3

(Base: September 18 1931 = 100)

MOODY'S

Dec. 8	Dec. 7	M'th ago	Y'ar ago
895.6	908.1	978.3	972.1

(December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 6	Dec. 7	Month ago	Year ago
Spot	132.55	135.75	128.25	—
Fut's	137.27	139.69	133.55	—

(Base: December 31 1974 = 100)

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 82.9 to 87.9; Ulster hindquarters 103.5 to 105.3, forequarters 61.0 to 65.3. Veal: Dutch hinds and ends 140.0 to 145.0. Lamb: English small 67.0 to 70.0, medium 66.0 to 69.0, heavy 62.0 to 64.0; Scotch medium 60.0 to 66.0, heavy 60.5 to 64.0. Imported: New Zealand PL 50.8 to 51.8, PM 50.5 to 51.5, PX 41.8 to 48.5, YL 48.5 to 49.5. Pork: English, under 100 lb 39.0 to 53.0, 100-120 lb 44.0 to 52.0, 120-160 lb 39.5 to 49.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 102.39p per kg lw (+1.36). GB—Sheep 150.83p per kg est dcw (+4.76). GB—Pigs 75.36p per kg lw (+2.54).

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: shell cod £5.00-£6.00, codlings £2.50-£4.00; large haddock £4.00-£5.00, medium £3.00-£4.00, small £2.20-£3.50; best small plaice £4.00-£4.70; skinned dogfish (medium) £3.50; lemon sole (large) £11.00, (medium) £9.00, rockfish £3.20, saithe £2.20-£3.80.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Satsumas—Spania: 10 kg 2.80-3.20. Navelines/Navels—Spania: 4.60-5.20. Moroccan: 4.40-5.60. Navels: Jaffa 40 4.90, 50 5.20, 60 5.60, 75 5.60, 88 5.20, 105 4.80, 123 4.50, 144 3.40, 168 4.20. Lemons—Turkish: 80/150 3.50-4.00; Cyprus: 9 kg 3.30-4.20; Spania: tray 5 kg 25/50 1.80-2.40. Grapefruit—Cyprus: 27/56 3.20-4.50, Ruby 4.80-5.60; Honduras: Ruby 4.00-5.00, White 3.50-4.00, U.S.: Ruby 36/40 6.80-8.00; Jaffa: 32 5.00, 36 5.20, 40 5.30, 48 5.40, 56 4.80, 64 3.50, 75 3.30, 88 3.60. Clementines—Spania: 3.00-4.50. Moroccan: 3.60-4.40. Apples—French Golden Delicious 18 kg 4.00-5.40, 9 kg 2.40-2.80, Starkcrimson 18 kg 4.00-5.50, Granny Smith 19 kg 4.80-5.60, 9 kg 2.50-3.00; U.S.: Red Delicious 9.50-14.00; Canadian: 11.00-12.80; Hungarian: Starking 18 kg 4.50. Pears—Dutch: Comice 14 lb 3.20-3.80, Conference 15 kg 8.00-8.20. Grapes—Italian: Italia 5 kg 3.40-3.50; Spania: Almeria 1.60-3.00, Napoleon 2.80-3.40; Santo Domingo: 3.00-3.20; S. African: Queen of the Vineyard 11.00. Strawberries—New Zealand: 8 oz 7.30; S. African: 8 oz 0.60-1.00; Israeli: 8 oz 1.00. Peaches—S. African: 18/28 3.00-3.95; Zimbabwe: 3.00-3.50. Nectarines—Chilean: 70's 17.50; S. African: 5.00. Apricots—S. African: A/C 11 lb 5.50-8.00. Cherries—S. African: Per lb 0.90-1.00. Melons—Spanish: Yellow 10 kg 5.00-8.50, Green 10 kg 4.00-6.00; Brazilian: Yellow 10 kg 8.00-7.00, 15 kg 9.00. Pineapples—Ivory Coast: 20s 0.35, 12/C 0.60, 12/8 0.70, 6's 1.20; Kenyan: Each 1.50-1.60. Bananas—Colombian: 40 lb boxes 8.00-8.30. Avocados—U.S.: 0.50-7.00; Israeli: 3.00-3.80; Canary: 3.00-3.80. Paw Paws—Brazilian: 5.50-6.00; Hawaiian: 7.20. Kiwifruit—New Zealand: 8.50-9.00. Mangoes—Brazilian: 7.00-8.00; Kenyan: 6.00-7.00. Persimmons—Italian: 2.00-3.00. Prickly Pears—Italian: 2.50. Litchees—S. African: per lb 0.70-0.75. Figs—Turkish: 48s 10.50. Honey Figs—Turkish: 24s 7.20. Tomatoes—Spanish: 6 kg 2.00-2.60; Moroccan: 3.50-3.00; Canary: 2.50-4.50. Lettuce—Dutch: 12s 2.00, Webb's 5.00, 24s 3.50. Celery—Israeli: 20s 5.20; Spanish: 5.00; Guernsey: 5.00. Calabrese—Italian: 12 lb 4.40; Jersey: 15 lb 5.00-6.00. Artichokes—Cyprus: 20 9.00. Aubergines—Canary: 6 kg 5.50; Kenyan: 5.00; Cyprus: 5.00; Italian: 6 lb 4.00. Onions—Spanish: Grano 4.60-5.00.

AMERICAN MARKETS

NEW YORK, December 9.

Gold prices advanced after the Federal Reserve moved to add reserves to the system prompting short-covering; the market suffered from early follow-through selling from this but recovered its worst losses as the financial instruments began to respond to further easing by the Fed. Copper prices followed the general market psychology and recovered from early losses on heavy short-covering and on sizable arbitrage buying against strong sterling. Heating oil continued its advance despite a bearish stock report, deriving most of its strength from a strong cash market and massive technical support. Cotton prices rallied sharply on expectations stemming from the origin markets of further restrictions on crop plantings. Grains and soyabeans rallied late in the day as President Reagan announced a payment in kind provision which would effectively curb future production. Sugar finished lower as a private crop estimate from the continent raised the net potential output for Eastern Europe despite further losses in the Soviet Union. Cocoa recovered after early sharp losses, correcting an oversold condition and attracting dealer buying at the lower levels. Cocoa prices rallied on arbitrage buying and light manufacturer pricing as further private reports confirm damage to the West African crop, reported Heinold.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	1410	1404	1403	1387
March	1496	1498	1455	1476
May	1533	1533	1490	1516
July	1566	1560	1525	1551
Sept	1596	1595	1554	1586
Dec	1636	—	—	1627

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	133.88	134.50	132.40	134.01
March	133.66	134.50	131.26	133.97
May	128.70	129.45	128.70	128.96
July	126.00	126.50	124.10	125.88
Sept	122.28	123.60	121.50	123.20
Dec	120.25	119.50	119.50	—
March	119.00	118.60	117.50	119.38

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Dec	66.10	66.25	64.90	65.90
Jan	66.60	65.60	65.20	66.40
Feb	67.20	—	—	67.00
March	67.90	68.05	66.50	67.60
May	68.80	69.00	67.60	68.65
July	69.80	69.95	68.60	69.65
Sept	70.80	71.75	69.90	70.65
Dec	72.30	72.30	71.00	72.15
March	73.75	73.60	72.90	73.60
May	74.70	74.68	73.80	74.55

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	66.65	66.85	66.65	—
March	67.53	67.53	65.41	65.53
May	68.90	68.50	66.80	66.90
July	69.50	69.75	67.00	67.85
Oct	68.25	68.25	65.30	66.25

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Dec	88.10	—	—	85.10
Jan	88.83	89.00	86.50	85.81
Feb	88.36	88.36	86.40	85.36
March	86.63	86.63	84.70	83.63
April	85.21	85.21	83.00	82.21
May	84.00	84.00	83.00	81.00
June	84.10	84.10	83.25	81.10
July	83.60	83.00	82.50	80.60
August	84.60	—	—	81.60
Sept	84.00	—	—	81.00
Oct	84.75	—	—	81.75
Nov	87.50	87.00	81.00	84.50

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Jan	126.05	126.95	126.05	127.00
March	127.15	128.20	127.10	128.15
May	128.00	128.95	128.00	128.00
July	129.00	129.75	128.90	129.50
Sept	130.00	130.60	130.00	130.90
Nov	130.50	130.80	130.90	131.25
Jan	131.00	131.60	131.05	131.40
March	131.50	—	—	131.90
May	131.50	—	—	131.90

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	366.0	360.0	360.0	361.9
Jan	368.5	372.0	358.5	364.4
Feb	371.0	368.0	368.0	—
April	375.3	378.5	366.0	371.4
July	383.3	385.0	375.0	378.9
Oct	391.1	395.0	382.0	386.4
Jan	398.9	—	397.0	393.9
April	407.4	408.0	408.0	401.9

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	6.50	6.30	6.10	6.73
March	7.16	7.31	7.05	7.34
May	7.46	7.58	7.35	7.69
July	7.63	7.78	7.56	7.89
Sept	7.90	8.00	7.87	8.18
Oct	8.15	8.30	8.06	8.39
March	8.94	8.94	8.90	9.18
May	9.21	9.20	9.20	9.35

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	1053.0	1062.0	1025.0	1041.0
Jan	1059.0	1067.0	1038.0	1062.5
Feb	1067.0	1070.0	1048.0	1070.5
March	1075.0	1094.0	1043.0	1079.0
May	1092.3	1099.0	1062.0	1097.3
July	1110.0	1120.0	1081.0	1116.0
Sept	1112.0	1112.0	1100.0	1134.7
Dec	1628.0	1162.0	1130.0	1162.9
March	1165.0	1168.0	1165.0	1192.9
May	1200.0	1200.0	1200.0	1212.9

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	443.7	445.0	435.0	438.7
Feb	448.2	450.0	439.5	443.5
April	456.0	457.5	446.5	451.6
June	463.0	464.5	453.5	458.5
August	470.1	472.0	462.5	465.7
Oct	477.4	475.0	468.5	473.1
Dec	485.1	483.5	479.0	480.8
Feb	493.2	491.0	490.0	488.9
April	501.6	498.0	493.0	497.3
June	510.2	—	—	505.9
August	519.0	—	—	514.7
Oct	528.0	—	—	523.7

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	58.35	58.45	57.17	57.97
Feb	56.75	56.85	54.87	55.65
April	57.62	57.80	56.00	56.70
June	59.70	59.50	58.60	59.30
August	58.70	58.95	57.90	58.37
Oct	58.00	58.20	51.07	57.47

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	57.55	57.70	56.30	56.55
Feb	57.37	57.55	55.95	56.05
April	54.15	54.50	53.15	53.15
June	55.22	55.55	54.25	54.32
July	55.00	55.20	54.15	54.32
August	52.65	52.95	52.32	52.50
Dec	47.50	41.90	47.27	47.30
Feb	46.55	46.55	46.55	46.30

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Dec	235.0	236.8	232.2	—
March	242.2	243.4	239.4	240.4
May	250.4	251.0	246.8	247.4
July	257.4	257.6	253.2	254.2
Sept	263.6	264.2	259.6	—

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	80.35	80.35	78.10	78.35
March	79.47	79.47	77.10	77.47
May	78.45	78.45	76.30	76.45
July	77.37	77.37	75.15	75.37
August	74.15	74.15	72.30	72.15
Feb	65.00	65.00	64.60	64.20
March	63.35	63.35	63.35	62.55

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Jan	575.4	576.4	567.2	569.P
March	586.0	586.4	577.2	579.0
May	593.2	594.2	585.4	587.2
July	601.6	602.0	593.0	594.P
August	602.0	602.0	595.0	595.0
Sept	592.0	593.4	587.4	585.0
Jan	606.0	606.0	601.4	599.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	175.0	175.0	172.6	173.5
Jan	174.9	175.3	172.5	172.8
March	175.5	175.9	172.7	173.2
May	176.3	176.8	174.0	174.2
July	177.0	177.7	175.0	175.3
August	177.0	177.5	175.0	175.3
Sept	177.0	177.5	175.0	175.2
Oct	—	176.0	175.0	174.0
Dec	178.0	178.0	176.0	177.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	16.86	16.95	16.76	16.79
Jan	16.98	17.02	16.78	16.82
March	17.38	17.45	17.14	17.15
May	17.68	17.75	17.50	17.50
July	18.00	18.00	17.82	17.82
August	18.06	18.15	17.88	17.89
Sept	18.15	18.15	18.05	17.95
Oct	18.20	18.25	18.00	17.98
Dec	18.30	18.35	18.25	—

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	323.0	324.0	318.4	322.6
March	340.4	343.0	337.0	341.0
May	348.4	350.4	344.6	349.0
July	353.4	355.0	350.0	353.0
Sept	362.0	363.0	359.0	361.0
Dec	378.2	379.0	375.0	377.0

SPOT PRICES—Chicago loose lard 16.00 (same) cents per pound. Handy and Harman bullion silver 1034.50 (1068.70) cents per troy ounce. New York tin 555.0-58.0 (558.0-60.0) cents per pound.

FINANCIAL TIMES SURVEY

Friday December 10 1982

The Government is deciding Scotland's economic future. Will it accept the decline of heavy industry and point to the successful high technology and service industries or decide the social consequences are too heavy?

Scotland

The view from the crossroads

By Mark Meredith, *Scottish Correspondent*

SCOTLAND HAS reached something of a turning point. Many of her leaders inside Government and out fear that the country's manufacturing base could be endangered. The threat comes from the possible shut down of Scotland's most important steelmaking plant—the Ravenscraig works at Motherwell—as the British Steel Corporation struggles to bring its capacity into line with demand.

The steel industry has been on the decline in Scotland almost since the turn of the century, and the workforce is about half what it was in the mid-seventies, so why the fuss now?

Scotland, too, has some flourishing new industries with encouraging prospects. Microelectronics companies are expanding and spawning small support industries. North Sea oil has created new industrial strength while Scotland's banking community offers an important alternative for local business to the city.

In the medium term up to the end of the decade, forecasters have found, too, some hopes for moderate industrial growth, even though the outlook in the short term is poor.

What makes the prospect of shutting Ravenscraig more devastating than other severe industrial blows to Scotland—the Linwood car plant of Talbot and British Aluminium's Invergordon smelter to name but two—is the long-term economic impact. Inside the Scottish Office and across the political spectrum can be heard the view that the closure would deprive Scotland of an important motor for economic recovery when it comes.

New industries and companies look to locally-based steel capacity so the argument goes, when planning their new investment and expansions. Steelmaking capacity is essential to a complete economy and vital to the preservation of a manufacturing base.

For all these reasons an anxious campaign is underway in Scotland today to head off any closure, creating out of a commercial crisis for British Steel a political and economic crusade for Scotland.

The social costs of a closure are seen by many as unacceptable. According to an estimate by Strathclyde Regional Council a shutdown could mean between 12,000 and 15,000 jobs lost in the North Lanarkshire areas as the decision percolated through to the thousands of workers dependent on the big mill.

Yet, there is another side to the story. It is being pointed out that Scotland has slowly been shaking off its heavy industrial sector and the closure of its basic steelmaking would be a final spasm in that decline.

Some economists also argue that there are no longer industries which would be key users of steel in any economic recovery. The high technology industries do not look to steel and neither do the many service industries.

Dilemma

For the Government of Mrs Thatcher, already well behind Labour in the Scottish opinion polls, it presents a stark dilemma.

At a time when Scotland gets more government expenditure per capita than England or Wales does it make sense to underwrite a huge subsidy of possibly millions of pounds to keep a steel mill ticking over to await industrial recovery?

The man in the middle of all this is Mr George Younger, the Secretary of State for Scotland. He and his Conservative colleagues in Scotland have come out of their corner fighting over this issue whereas other industries have been allowed to fall victim to the market. Mr Younger has argued in Cabinet that the mill should be maintained but he has also probably had to spell out who would pay for it.

In Scotland as in other regions a powerful argument for regional assistance to help industries compete in the more peripheral parts of Britain can be made out. These industries are far from their main European markets and suffer a considerable disadvantage. A network of development areas, new towns, government grants and cheap loans are there to lure in the business which might otherwise go south.

Not only the industries themselves would head south of the border. A real danger of these body blows to the Scottish economy is that economic decision-making — Scottish senior management — will leave as well, relegating Scotland to the branch-office status which it has always dreaded.

The Government is now reviewing its industrial policy and doubtless the regions will have to justify expenditure to help industries. The present administration has argued long and hard that companies must be able to fend for themselves in the market place.

This year £235.4m is being spent by government on preferential regional assistance to industry in Scotland through the various mechanisms of assistance such as the Scottish Development Agency, regional grants and loans. The figure does not include support to the nationalised industries.

Other measures aimed at protecting core industries in Scotland have also been applied. The Monopolies and Mergers Commission turned down rival bids for the Royal Bank of Scotland from Standard Chartered Bank and the Hongkong and Shanghai Banking Corporation because it feared the effect which a takeover would have on the level of decision-making in Scotland.

The Government has also stepped in on other occasions where the independence of Scottish companies is seen as essential to an independent Scottish economy, has been threatened. Hiram Walker's bid for Highland Distilleries was another. The Commission is now looking into Charter Consolidated's bid for Anderson Strathclyde, the big mining equipment manufacturer.

Somewhere along the border therefore, it would seem, there is a fence beyond which certain crucial decision making cannot venture—at least in theory.

In the final analysis, however, the basis on which Scotland can go on developing its own industries has to be a strong economy. Right now it remains stagnant with little improvement in industrial production. The CBI's index for business confidence in Scotland remains on a downward curve along with the rest of the UK.

Sluggish

Only a medium-range economic forecasting model set up by the Fraser of Allander Institute of the University of Strathclyde showed some modest improvement towards 1990 but this hinges on Scotland's trade with the outside world.

At the same time the sluggishness of the economy has left some government planners exasperated about how they could encourage a new breed of entrepreneurs to get the economy moving again. The money is there but the new managers are not.

A Scottish enterprise foundation has been set up by the private sector to instil the very concept of entrepreneurial values into university minds.

The short length of the queue of new businessmen has been worrying. Union leadership has also been concerned at the passive reaction of workers to the industrial decline when it comes to campaigns against closures.

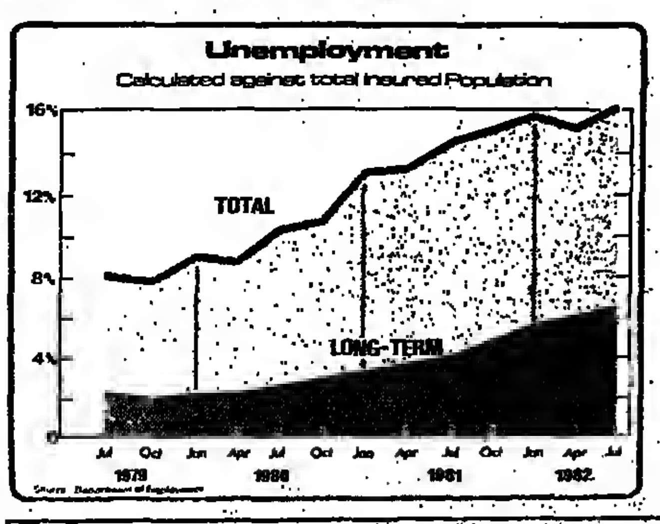
While the Government encouraged new industrial direction, the Left in Scotland is looking for more radical alternatives for the country.

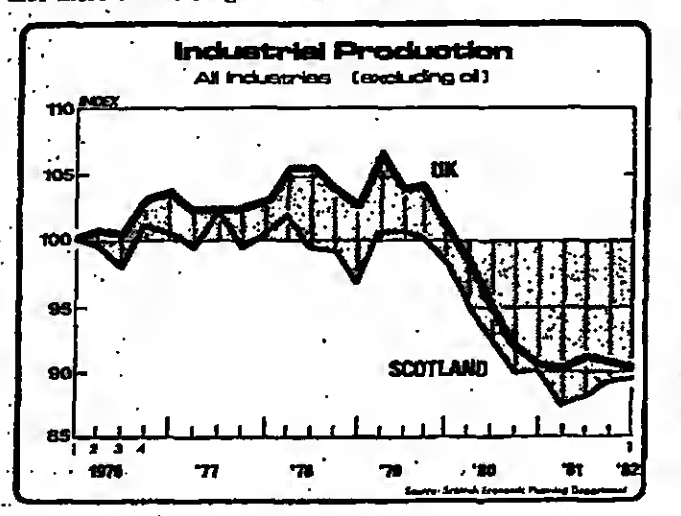
A recent paper presented to a Scottish Labour Party and STUC seminar referred to the growing industrial devastation in Scotland which has given the region an unemployment rate of 14 per cent although 25 per cent is not uncommon in local areas.

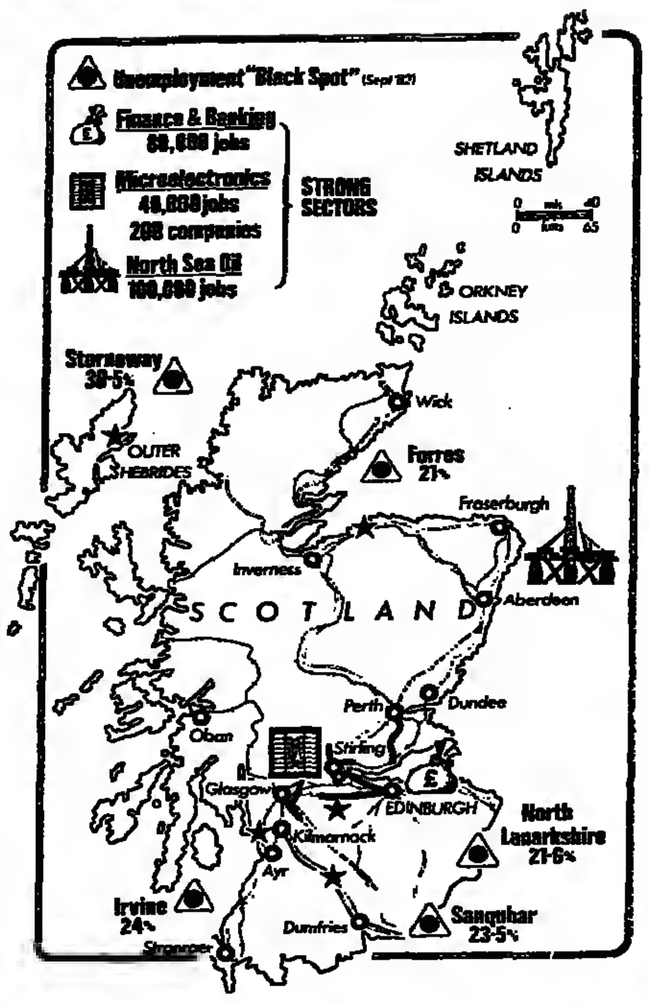
It prescribed drastic treatment giving a Scottish Assembly more powers than prescribed so far including areas such as agriculture. The Scottish Development Agency would be given further powers to expand the industrial base.

The paper said that private capital has failed to secure the industrial base and state intervention was the only way towards full employment.

Unless there are signs soon that the problems are on the way to being solved, these are solutions which are likely to be heard increasingly in the future.







CONTENTS

Editorial production: Arthur Dawson. Design: Philip Hunt.

Where Labour is entrenched

Politics

by Malcolm Rutherford

THE LATE John Mackintosh, who was for a time the Labour MP for Berwick and East Lothian, told a story.* In 1975, when Labour was in power, he was invited to lunch by a Minister at the Civil Service Department in order to meet officials.

Before any introductions Mackintosh asked a senior civil servant what he did. "Oh," said he with a grimace, "I'm on the devolution caper."

"Do I take it," Mackintosh went on, "you would define the word 'caper' as an essentially silly and meaningless performance conducted simply for the effect it has on those watching?"

"That sums it up perfectly," he replied.

In a sense the official turned out to be right, though not in the way he intended. Devolution came to dominate British politics in the second half of the 1970s. It was taken with deadly seriousness by Mr Callaghan's administration if only because it was feared that if the Government could not deliver something, the Labour Party would be decimated in Scotland by the continuing advance of the Scottish Nationalist Party.

Yet the attempts to give the Scots a greater say in their own affairs also boomeranged. The Government could not control the Parliament in Westminster. All sorts of clauses were inserted into the legislation calling not only for a referendum but also for a 40 per cent majority of the electorate if the proposed Scottish Assembly was to be allowed to go ahead.

In the event such a majority was not forthcoming. Not only did devolution not proceed: the referendum result contributed to the fall of the Labour Government.

Something else happened, too. The collapse of devolution did not lead to the forward march of the Scottish Nationalists. On the contrary, the SNP won only two seats in the general election of May 1979 against the 11 which they had captured in October 1974. Nor has there been any sign of recovery since.

There have been three parliamentary by-elections in Scotland this year. The first, in Glasgow Hillhead, was exceptional in that it was contested by Mr Roy Jenkins, the leader of the Social Democratic Party, and was therefore seen as more of a United Kingdom affair than a local one. Mr Jenkins won, taking the last remaining Tory seat in Glasgow in the process. The SNP fared badly.

The two others were in Coatbridge and Airdrie and Glasgow Queen's Park. In each case Labour held on comfortably to the seat, though there was also the sort of low turn-out which has become typical of British by-elections since the outbreak of the Falklands crisis and which makes predictions about the outcome of a general election more than usually hazardous.

One prediction, however, seems safe. Scotland is entrenched Labour territory. There are 71 Scottish seats in the present Parliament; the number will go up to 72 in the next if proposed boundary changes are approved. Labour holds 42, the Tories 21, the Alliance 6 and the SNP 2. Nothing that has happened since Mrs Thatcher came to office suggests that this Labour dominance will be challenged.

Thus the most interesting question in Scottish politics is becoming the role of the Labour Party, especially if there continues to be no resurgence of the SNP. The question becomes even more intriguing if it is postulated that the Labour Party in England continues to lose seats while the Labour Party in Scotland gains.

Add to that the possibility that the Labour Party goes on holding its ground in the north of England while making further losses in the south. There may well then be a preponderance of northern English and Scottish Labour MPs who could seek to dominate the party, if only by arguing that at least they continue to win their seats.

There is no evidence yet of such a conscious grouping. Indeed the Labour Party in Scotland has always been divided in its attitudes to devolution and there have always been rivalries between Scottish and northern English MPs in their competition for funds for investment. It was the north eastern MPs who were among those most opposed to devolution in the first place because they believed it might give Scotland a special status.

Also, the feudalism of Scottish politics can scarcely be underestimated. The main Labour argument in the Queen's Park by-election was over whether the seat should be inherited by the late MP's wife or by his agent. The rivalry between Labour and the SNP can hardly be understated either.

Yet in many ways the problems of Scotland remain the same as they were in the years of devolution fever. There is a demand for a more separate identity to be expressed in political terms. Being in Scotland feels different from being in England, however hard it is to define.

Two great economic changes have taken place in Scotland in the last few years. The first is North Sea oil which, on most estimates, seems to have created an extra 100,000 jobs. The second, and related, change is that Scottish unemployment is no longer conspicuously higher than English. It used to be nearly double.

It was the promise of North Sea oil coupled with the disenchantment of the Scottish people at the performance of the British economy presided over by the Government in London which led to the rise of Scottish nationalism.

The spin-off from oil in terms of jobs may have brought a respite. But the dominance of the Labour Party in Scotland suggests that very little credit is being given to Mrs Thatcher. Mr George Younger has been a very conscientious Secretary of State, assiduously looking after Scottish interests, but Scotland is not on the whole Tory country.

What needs to be watched in future is how far the Labour Party will seek to take over the old role of the SNP.

* *Published in John P. Mackintosh on Scotland, edited by Henry Drucker, Longman.*

SCOTLAND'S LEADING COMPANIES

Company	Sector	Market capital £m	Turnover £m	Pre-tax profits 1981-82 £m	Pre-tax profits 1980-81 £m	% change	Employees	Year end
Distillers	Distilling	650.0	1,083.9	178.5	181.0	−1.4	18,125	31.3.82
General Accident	Insurance	495.4	NR	104.9	92.3	13.6	10,687	31.12.81
United Biscuits	Food manufacturing	348.4	1,026.1	60.9	49.2	23.8	30,000	2.1.82
Ferranti	Electricals	320.7	306.9	23.8	18.1	31.6	17,350	31.3.82
London and Scottish Marine Oil	Oils	233.2	237.1*	113.2	47.3	139.3	N/A	31.12.81
House of Fraser	Stores	228.6	727.7	28.0	34.4	−18.6	25,802	30.1.82
Royal Bank of Scotland	Banks	220.5	NR	107.9	102.5	5.3	15,980	30.9.81
Burmah Oil	Oils	201.2	1,407.9	82.3	62.3	32.1	16,481	31.12.81
Scottish & Newcastle Breweries	Brewing	189.9	620.5	32.2	33.1	−2.7	24,504	2.5.82
Coats Patons	Textiles	171.5	800.4	74.8	65.9	13.5	17,736	31.12.81
A. Bell and Sons	Distilling	122.3	245.6	27.6	20.0	37.9	1,755	30.6.82
Bank of Scotland	Banks	121.9	NR	47.2	43.3	9.0	9,318	28.2.82
Dawson International	*Textiles*	*110.3*	*153.5†*	*23.6*	*20.7*	*14.3*	*7,087*	*31.3.82*
Clyde Petroleum	Oils	87.2	24.1	1.1	1.1	—	235	31.12.81
Scottish Met. Property	*Property*	*72.0*	*NR*	*5.8*	*4.4*	*31.8*	*N/A*	*15.8.82*
Menzies (John)	Stores	65.8	336.8	9.4	7.7	23.0	7,582	30.1.82
Anderson Strathclyde	*Mechanical engineering*	*63.0*	*100.0*	*11.2*	*6.3*	*76.4*	*3,956*	*31.3.82*
Lilley (F. J. C.)	Contracting and construction	56.9	127.4	7.8	6.1	27.8	3,293	31.1.82
Highland Distilleries	*Distilling*	*53.8*	*79.8*	*5.7*	*5.1*	*13.3*	*288*	*31.8.82*
James Finlay	Overseas traders	50.8	99.2	13.2	11.4	15.4	1,806	31.12.81

Britoil, which was floated last month, had a market value of £945m on November 30, calculated on a fully paid up basis. This would make it Scotland's largest company by market capitalisation.

Figures in parentheses indicate loss. N/A Not available. NR Not relevant. * London and Scottish Marine Oil—Turnover exclusive of make-up oil sales. † Dawson International—Turnover includes inter-group sales. § Low and Bonar—Market capitalisation at June 30 1982. ¶ Weir Group—Market capitalisation at June 30 1982.

General: Market capitalisation, unless otherwise stated, is the average for June 1982. Employment figures are weekly average employees for the UK during the financial year. Sector breakdown is based on FT Actuaries grouping.

Stronger role for venture capital

Finance

by Mark Meredith

ONE OF Scotland's basic economic problems is slowly being nailed down by part of the financial community.

Weakness in managerial talent has been instrumental in the faltering growth of a new crop of businesses and industries which Scotland has been counting on for expansion.

The high technology industries in particular are, quite frequently, based on good ideas but lack the management and entrepreneurial know-how to lift themselves safely out of early, first phase, research and development into second phase commercialisation.

To counter this the venture capital sector of the financial community in Scotland has taken a more active role, developing a "hands on" approach to management, as a means of steering new business towards profitability.

Venture capital takes on a wider meaning in Scotland than in the City of London or the U.S. It covers not only the high-tech industries which are the main targets of venture capital in the U.S. but other types of business struggling in what is often an unfriendly economic environment.

The country's distance from markets and the problems of transport and marketing from, say, Highlands, place these businesses much more at risk, and hence they are much more of a financial worry to their backers than they might be nearer to London.

As the heavy industries decline, however, much has been staked on advanced technology as a means of creating foundations for indigenous industries. Venture capital both from the private and public sector has responded to this need.

Prominent in the field are both the Industrial and Commercial Finance Corporation (ICFC) and the Scottish Development Agency. Finance houses and banks have also become increasingly willing to become involved with managerial problems.

ICFC which is owned largely by the English and Scottish clearing banks, with a 15 per cent stake by the Bank of England, has invested about £40m in nearly 600 businesses in Scotland. It adopts a watchful approach towards new businesses preferring to help out management before trouble sets in rather than carry out salvage work later.

About 12 per cent of ICFC's investment last year were high-tech, 30 per cent were start-ups and 12 per cent management buy-outs.

By using non-executive special directors appointed to help out new companies, ICFC hopes to bridge the problems of managerial in-experience, of building up a track record, and of improving financial acumen and efficiency while still allowing the firm's creator to follow through his ideas.

The Scottish Development Agency, the Government-backed industrial promotion body for Scotland, also has an active programme with about £18m invested to date in Scottish-based companies. About a quarter of this is money in high-technology projects. During 1981/82, the agency invested £3.5m which attracted a further £40.7m from the private sector in joint ventures.

The SDA also takes a direct involvement with its investments, nominating a director—from outside the agency—to the boards of the companies involved. These directors are usually senior businessmen with wide experience able to give a young company a fuller perspective about management and development.

If the ICFC ethic seems to have been taken on board by the SDA it may be due to the fact that Dr George Mathewson, the agency's chief executive and Mr Donald Patience, the head of its investment advisory wing, Scottish Development Finance, are former ICFC men.

Scotland also has several more purely technology-based venture capital organisations such as Murray Johnstone's Murray Technology Investments and Advent Technology.

Similar moves aimed at developing a closer understanding of the customer's business and his problems are being made by the main clearing banks, and by the overseas banks represented in Scotland.

The Royal Bank of Scotland is shortly to set up its own merchant bank to join the Bank of Scotland's British Linen Bank and the independent Noble Grossart merchant banks while the Clydesdale is pleased with the development of the Clydesdale Industrial Finance Division. The Royal seems to have recovered from the trauma into which it plunged after its failure to merge with Standard Chartered. A management reshuffle brought Mr Sidney Proctor from the bank's English subsidiary, Williams and Glyn's, to take charge of the Royal group.

Mr Proctor is overseeing the expansion of the bank's computerisation, and planning the closer integration of the Royal with Williams and Glyn's.

The Bank of Scotland has also been active in the field of computerisation and recently announced a breakthrough for Britain in the field of home banking. Under a scheme launched with the Nottingham Building Society and British Telecom, customers will be able to examine their accounts and make transactions through a Prestel terminal.

The Clydesdale, a subsidiary of the Midland Bank, has been the first in Scotland to experiment with point of sale computerised transactions in Aberdeen. Customers may pay for petrol by running the Clydesdale card through a terminal and punching in their personal code.

New Technology

by Mark Meredith

40,000 work in the sector

HIGH TECHNOLOGY is a central element of Scotland's industrial future. The country's economic base of heavy engineering has been on the wane almost since the start of the century and hopes have been pinned on high technology to give Scotland a new industrial direction, to create more jobs and to head off further economic erosion.

Electronics firms have been increasing in number and size for nearly two decades. Even in the light of the intense international competition for new inward investment in factories by the big micro-electronic multinationals, there are real signs that the industry here has arrived and put down permanent roots.

Today electronics employs 40,000 workers in over 200 companies in Scotland with the principal areas of electronic development in defence, industrial and commercial telecommunications, information systems and semi-conductors.

The foundations for this growth came in the Fifties, when some of the big names in the industry built their first factories in Scotland: IBM, Burroughs, Honeywell, NCR and Hewlett Packard.

In the explosive growth which the industry experienced in the years that followed, Scotland fared well in bringing in further development. Some of this growth has been spontaneous and some of it caused by enlightened encouragement by government development agencies.

Sub-culture

Inside the industry, officials now point to one indicator which shows an established and settled electronics industry—the emergence and consolidation of the electronics sub-culture.

This is the proliferation of supporting industries which grow and feed on the larger electronic factories. The industry sees them as welcome camp followers spreading the support infrastructure and reducing the need for long foreign lifelines in terms of services and sub-contracts.

The sub-culture is part of the type of growth sought for by the electronics division of the Scottish Development Agency—the main industrial promotion agency for the country.

It offers the greatest prospect for indigenous growth often using Scottish engineering talent and prevents the region becoming simply a series of separate assembly points.

About half of the employment in Scottish companies in this field comes from subcontracting firms serving the resident multi-nationals.

IBM, for one, with a big plant at Greenock spent £60m buying in parts and services last year, 60 per cent of which was spent in Scotland. These services could be printed circuit boards, opto-electronic circuitry and electronic sub-systems, mechanical machining and forging, welding, painting, testing, packaging and design.

Science parks

Another thrust of the electronics development has been to link the industry with the country's eight universities. A network of science parks is underway to bring industry and university engineers together on university campuses. Among the lures put out to potential investors is the 27 per cent growth in graduate electronics engineers from Scottish universities during the past four years.

The right kind of financial incentives has also been instrumental in bringing in and keeping much of the foreign investment. Locate In Scotland—the inward investment arm of the SDA and the Scottish Economic Planning Department offers potential electronic settlers regional development grants, selective financial assistance, and low-cost accommodation.

The proposals for a science-park at Stirling University were among the features which led to Scotland's industrial coup of the year — the announcement from Wang that it was to invest £38m in an office automation production plant on the campus which would eventually employ 700 people.

Although delighted at the decision, Scottish planners had not exactly been counting on a manufacturing operation actually setting up in a science park, a concept designed to be orientated more to research. But Wang has said that it will be drawing on the university's engineers. More than 30 companies set up in Scotland last year, most of them in electronics.

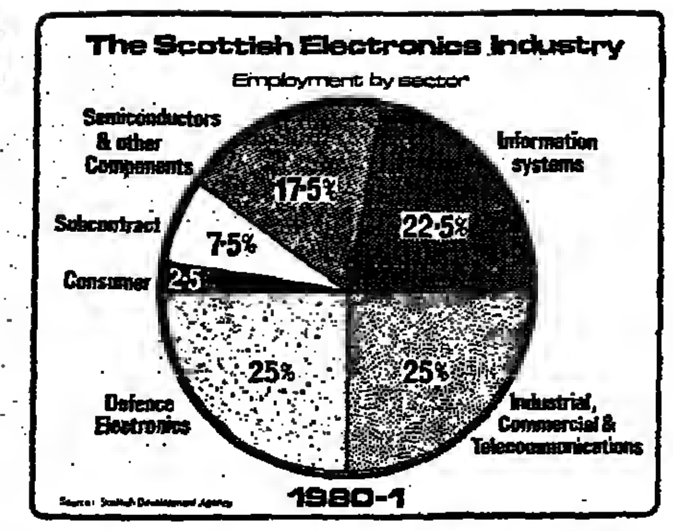
The central belt of the country is destined to become Europe's largest producer of semi-conductors by 1985. Nippon Electric Company has taken delivery of a microchip plant at Livingston as part of one of the biggest Japanese manufacturing investments in Europe. The £40m plant is soon to become operational.

Among U.S. companies, General Instrument Corp opened a new wing of its semi-conductor plant at Glenrothes; Motorola started a new building programme for a similar facility at East Kilbride and National Semiconductor has a £45m expansion programme under way at Greenock.

Vital for the growth of home-based, leading-edge industries — as those plants at the high research and development stage of electronics are called — is the provision of venture capital from the financial sector.

One prominent example has been Technical Development Capital, the high-tech arm of ICFC which put almost £1m behind Rodime, a young company engaged in the computer service industry.

Shares in Rodime have recently been floated in the U.S.



The threat to Ravenscraig

SCOTLAND'S STEEL industry is in crisis. It has become an endangered species in the light of world overcapacity.

It is a crisis which has a bearing, too, on the future of the Scottish coal mines and the extensive network of industries dependent on the presence of steel.

One of the options open to British Steel in the face of a loss of orders and a running deficit of £7.2m a week is the closure of one or more of its five big integrated steel mills.

The Ravenscraig mill south-east of Glasgow is thought to be high among these unpopular options because of its distance from markets. Only about five per cent of the steel produced by the plant is actually used by Scottish consumers.

Scottish steel managers concede that they must produce at about three to four per cent more cheaply than mills to the south to compensate for the transport costs of getting their products to markets.

The implications of a closure on the Scottish economy and on the social fabric in the steel-producing areas involves a political as well as a commercial decision. The cabinet will have to decide eventually where British Steel should make its most drastic cuts.

Scotland's recent industrial losses make grim reading: Singer at Clydebank, Talbot's Linwood carworks, the Wiggins Teape pulp mill at Corpach and another more recent highlands disaster, the closure of British Aluminium's smelter at Invergordon last December.

What has made the steel industry in Scotland and Ravenscraig in particular different is the unanimity across the political spectrum opposing a closure.

Mr George Younger, the Secretary of State for Scotland hos Scottish Conservative party support behind him in his fight on behalf of the works in the cabinet.

For Labour and the Scottish TUC the impact in terms of jobs make closure of Ravenscraig unacceptable. According to a study by Strathclyde regional council, up to 15,000 jobs may be lost in the west Lanarkshire area including the 4,400 at Ravenscraig as the effect of a shut down works its way through the scores of businesses doing sub-contracting work and services for the steel mill.

According to the STUC: "Whole sectors of Scotland's engine, engineering and metal-using industries have been wiped from the face of the map since the present Government came to office."

The Scottish Office has not intervened to stop the cutbacks and closures affecting some others parts of the steel industry, much of it already on short time. The recent closure of most of the Clydebridge works of British Steel's Plates Division and the proposed shutdown of the Craigneuk special steel bar rolling mill alone will put nearly 1,000 steel workers out of a job.

Steel and Coal

by Mark Meredith

These economies the Government sees as legitimate commercial decisions by British Steel, painful though the loss has been in terms of employment. Ravenscraig remains however the pivotal point for the industry in Scotland.

But where Mr Younger and the top civil servants join in the campaign supporting the fight is in foreseeing its role in maintaining a manufacturing sector in the country and fuelling any recovery.

Employment in steel in Scotland has contracted from over 20,000 in the mid-70s to around 10,000. The markets may be far away but the economic need at home is generally seen as reason enough to seek a way, even through reducing capacity to a minimum, of keeping Ravenscraig open.

One of the sectors which is threatened more than others by further steel cuts is the coal mining industry. Scottish mines not only face the loss in demand for coking coal for the steel mills, but also the consequent drop in industrial demand for electricity, of which steel is a big user.

Last year 80 per cent of the 10.2m tonnes of Scottish coal went to power stations. Industrial demand has been falling steadily, reducing the need for coal-fired power.

Scotland has about 17,000 miners in 16 pits but recently the National Coal Board predicted that four of these pits would be exhausted by the 1990s. No new pits are planned, although some will be developed.

A touchstone for the opposition to closure by the miners union has been the future of Kinneil colliery near Bo'ness in West Lothian. The miners under their leader Mick McGahey have threatened to walk out if the Coal Board carries out plans to halt a £14m development plant and close Kinneil.

The project to drive a roadway under the Firth of Forth to link up with the Longannet complex on the north shore ran into geological difficulties. The miners do not accept this and insist there is a future in the mine.

Air Routes

by Mark Meredith

Three-cornered fight for profits

The air routes between Londen and Scotland are busy. For British Airways the no frills shuttle services between London and Glasgow and London-Edinburgh are the second busiest after its Poris flights.

The Anglo-Scottish routes are, however, like the other domestic trunk routes, heavy losers. An estimated £50m was lost by all domestic carriers on internal routes in 1981, and the loss could be greater in 1982. So the arrival of a third airline on the Scottish route increased the general anxiety by airlines about their profit prospects.

At the end of October British Midland Airways started its six return flights a day service between Heathrow and Glasgow undercutting British Airways fare and including a meal and seat reservation for the one hour flight. British Airways opposed the introduction of a rival on the Heathrow route which it previously had to itself.

British Caledonian also felt the challenge with its operations from Gatwick to Scotland. The Civil Aviation Authority had rejected British Midlands' application because of its view that there were no growth prospects for Scottish routes and the losses made by both the existing carriers—but this was overruled by the Department of Trade.

British Airways soon felt the pinch with a 17 per cent loss of traffic after the arrival of British Midland. British Airways which made a profit of £2.5m on the Scottish runs in 1979-80 last year turned in a £200,000 loss. It has had to cut costs further in the face of the new competition.

British Midland does not yet compete on the London to Edinburgh routes flown by British Airways and British Caledonian, but is expected to do so from Heathrow some time in the New Year.

The Derby-based airline was determined to make its new operation pay and Midland managers said they could break even with 38 passengers on their 90-seater DC-9s while 55 to 58 passengers would start to bring in money.

The airline had the advantage of fewer ground staff than the larger carriers but it, too, had the large infrastructure costs such as landing fees, security and other airport charges to bear.

British Airways and British Caledonian responded to the arrival of British Midland with publicity campaigns, and some positive competitive steps. British Airways took space in newspapers advising passengers of "shuttle difference," while British Caledonian introduced a businessman's package with a free night at a London or Scottish hotel as well as a first-class return rail ticket between London Victoria and Gatwick Airport.

Less frequent

While not feeling the direct pinch from Heathrow, British Midland's competition did make a difference to British Caledonian but by reducing the frequency of its flights British Caledonian has been able to maintain its average number of passengers per flight.

Its losses of between £2m and £3m are offset to some extent—about 15 per cent—by passengers flying the Scottish routes to connect with other British Caledonian international flights.

The new second terminal for Gatwick Airport will also increase the range of flights from that airport and possibly make the Gatwick destination more appealing for passengers from Scotland.

Notebook

by Anthony Moreton

Shetlands feel the pinch

ONLY TWO things unite fishermen — the weather and a strong distrust, to put it no higher, of fishermen from any other part of the country. Given bad weather, fishermen will pot aside all their antipathies and antagonisms and offer help against the storm. But it is not often they will say a good word for the foreigners.

The *Shetland fishermen are* a good example. The EEC ogreement on fishing policy annoyed them because they thought foreign boats would threaten their livelihood. Their onger was almost as great aa for the Grimsby men when it was suggested that boats from Humberside *might land fish* in Lerwick.

The Shetland Fish Processors wanted more fish from the English boats to keep the factories running to capacity. This led to a row that was really symptomatic of a deeper malaise affecting the islands.

Now that construction work on the oil terminal at Sullom Voe has ended the booanza daya have gone. Unemployment is up, incomea down and there is a general feeling of oncertainty. Some extent of the drop in the *economy can be gauged from* the falling number of passengers usiog Sumburgh airport.

The Shetlaods are now facing the sort of situation that many forecast would happen. People got used to high wages when the oil terminal was heing built, while the traditional industries *have already paid them*. Now that the terminal has beeo completed a much smaller permanent workforce is needed than in the halcyon building days. The winter is always cold in the Shetlands but this year the economic climate looks like being colder still.

Grimond's misfortune

IT SEEMS as though Jo Grimond has been in politics for ever. If Harold Wilson was right and a week in politics is a long time then I suppose 32 years is just aboot ever.

When the young Grimond was first elected Attlee was Prime Minister, Churchill champing at the hit to get back into office, and the Commons was full of tyros *such as Powell*, Macleod, Callaghan and Castle. Benn had still to appear and Mrs Thatcher was a mere Parliamentary candidate.

If was Grimond's misfortune to be in the wrong place at the *wrong time*.

Half a century earlier and his patriciao good lonks, sense of style and outstanding ability would have guaranteed him a place around any Liberal cabinet table. Instead, political power ebbed *from the* Liberals aod hy the time be reached Westminster the party was in such dire straits that the wits used to tell how the chief whip called a meeting and the rest of the party joined him in the 'phone hox.

Today, even if the party's numerical *strength* in *the* Commons does not reflect its vote in the country Cyril Smith would fill the hox on his own.

The Shetlanders and Orcadians whom he represents respect and revere him bnt this has never led him to bow the knee to them. Only a week he*fore he announced that* he would be giving up his seat he told *the* local fishermen on whom so much of his electoral support depends that they were mistakeo in their opposition to the new fishing rules worked out within the EEC.

* * *

WHEN THE manager of *Brora Rangers*, whn play in Sutherland, heard who his team's opponents were in the Scottish Cup he said the journey would be like "a trip to Eastern Europe . . . a real expedition."

Who were these Sovlets he had been drawn against. *Gdansk? Budapest? Nothing* of the sort. The team was off to Selkirk, *350* miles away in Border country. If that is what Highlanders think of fellow Scots what on earth do they think of Sassenachs?

Sullom Voe oil terminal: the bonanza days have gone

Better second round

SCOTLAND HAS done better from the second round of enterprise zones; while it picked np only one, Clydebank, in the first 11 announced hy the Government nearly two years ago it now has another two. Enterprise zones may still be opposed by some *Labour politicians, but as* just over 30 authorities applied to be included in the latest list, most of them Labour-controlled, they are widely oppreciated.

The inclusion of Invergordon was a natural response after the *collapse of the British* Aluminium works which provided so much employment north of Inverness. The third zone, shared between Dundee and Arbroath, is not only an attempt to do something about the serious unemployment on the Tayside coast, now well over 20 per cent. but can also be seen as part of the £39m plan to promote high technology investment in Dundee.

The dispute between Timex and its workers, and the consequent *threat* hy Mr Clive Sinclair of the microelectronics *concern to take* his custom elsewhere, hrought black clouds over the city. The rejuvenation plan, in which private iovestment is expected to contribute almost half of the outlay, will give the city a chance to shine again.

One of the factors which undoubtedly led to the choice of Dundee as a centre of advanced technology was its six-mile long waterfront on what is one of the best coastal sites in Europe. *These days, getting your goods* to Europe is everything.

Edinburgh's welcome

THERE CAN be few nicer places in the country to join the Christmas shoppers than Edinburgh. Not only is there tbe incomparable Princes Street to contemplate when the going gets rough but the way is, in any case, smoothed by the *inherent niceness of the Scot*tish sales persons. The Scots have a way of making you welcome and when they say "have a nice day" you know instinctively they are not saying it with the plastic sincerity *of so many Americans*.

The windows on Princes Street are particularly attractive this year. A friend shocked me oot long ago hy saying she thought Princes Street had lost its character, full of chain stores like Marks, BHS, Wallis, Richard Shops, W. H. Smith, Burton and the rest.

I can see what she meant and though I do not fully agree with her it is a fact that it is more pleasant to look across the road to the Mound than stand on the castle and look at the *standard* High Street architecture.

To my mind George Street, which rons parallel to Princes Street has a lot more interest about it than its more famous neighhour. It has kept the little shops, many of them *operating* from basement premises, that give some *indication* of what the city could have been like a century ago. I do not recollect that Dickens ever wrote anything about the city, but George Street is certainly redolent of him at this time of year, *especially just as the daylight* gives way to dusk and the lights come on.

City of statues

RIDING ROUND London it is hardly possible to turn a corner without bumping into some leader immortalised in stone or bronze. From Nelson on his column — arguably the most famous — to Brunel on the embankment, Churchill in Parliament Square, Monty outside the Ministry of Defence, and any number of long forgotten generals sitting on horses the capital is jammed full of them.

To my surprise, most English cities have but a handful of statues, Glasgow has paid its respects to the past in the same way. There are monuments to Burns, James Watt, Victoria and her beloved Albert, Gladstone, *Sir Robert Peel* and the great Wellington. There is an obelisk to Nelson on Glasgow Green and a monument in the same place to John Pollock McPhun. If the deeds of McPhun escape you, as they escape many *other Glaswegians*, at least it shows the city has honoured the not-so-great along with the great.

Many of these monuments are in need of repair. Nelson's obelisk is cracked and its plinth is eroding, the McLellan arch, also on Glasgow Green, is sinking and in *danger of* toppling over, the Doulton Fountain has been vandalised.

Eveo more unfortunately, Glasgow has run out of money *to restore these civic monumentalia*. But it has come up with *a good idea: adopt a monu*meot. It wants civic-minded citizenry to take responsibility for one of the 89 monuments, steeples, wells, towers, fountains and bridges that are in need of aid and succour.

You do not have to be rich to help out; the Kelvin Way bridge needs its graffiti scrubbed off, the cast-iron drinking fountain in Overtoun Park, Rutherglen, is covered in weeds. I am glad to say that Glasgow has responded to the call: Tennent Caledonian Breweries has already taken over the repairs to the Lady Well Fountain, one of 18 public wells in use around 1726, and others have also come forward, thoogh there is need for more.

Some years ago when local theatres were going up all over the place many clever *treasurers raised money* by inviting local people to buy a brick.

GEAR transforms the East End

EIGHT YEARS AGO a government report stated baldly that the East End of Glasgow was the most socially deprived city area in Europe. That claim would be impossible to make today, even if it were true then.

From Glasgow Green, on the eastern edge of the city centre, through Bridgeton Cross and Parkhead, home of the Celtic football club, to Shettleston and Tollcross on the fringe of the city, there is a new look. The once grim tenements and factories have gone or have been given a facelift.

Grass is growing, houses being built, factories are going up and the old signs of urban decay being removed. The derelict part of British Steel's Clydebridge ironworks on the industrial side of Cambuslang has come down, as has the chimney on Norit, Clydesdale's chemical works, which used to pump its smoke directly into the 12th and 13th floors of an adjacent block of flats. The Dalmarnock power station has gone the same way—to the knacker's yard.

This transformation, which is little short of a minor miracle in such a short time, has been due solely to the GEAR programme initiated in 1976 as a partnership between the Government, the Scottish Development Agency, the Scottish Special Housing Association, Strathclyde Regional Council, Glasgow District Council, the Greater Glasgow Health Board, the Housing Corporation and the Manpower Services Commission, with the SDA having the co-ordinating (which turned into a controlling) role.

GEAR, the Glasgow Eastern Area Renewal project, was the first of its kind in Britain and, covering 4,000 acres comprising a tenth of the city, the largest in Europe. It has become a model for other urban renewal projects and the Government would like to see its concept extended to other cities in Britain, such as Liverpool, though for doctrinaire reasons it is unwilling to take the step of setting up another quango to mastermind such work.

In 1976, when GEAR got under way the East End of the city was virtually a no-hope area. To have called it the worst area of urban deprivation was an exaggeration. When Sig Antonio Giolitti, the European Commissioner, who comes from Naples, saw the city he asked officials what was so bad about it. They should see Naples, he said.

It was, however, a part of the city which had been allowed to deteriorate. A misconceived move by the council after the war had moved people out to the enormous, and greatly disliked, tower-block housing estates on the periphery of the city so that the area's population had fallen from a peak of 145,000 to 45,000.

Industry had decayed with the movement out and what was left tended to be the socially low-grade concerns, such as scrap yards, car breakers and metal bashers. Noise and dirt were the rule. Local jobs were hard to find even for those people, inevitably the older ones, who had stayed behind.

Few new houses had been built, because of the council's dispersal policy, little money spent on repairs and maintenance and no new private houses had been built in the area for 50 years.

All that has changed. The first building that confronts a stranger to the area is the refurbished Templeton Business Centre facing Glasgow Green, once part of the Templeton carpet mill, where phases one and three of a seven-phase project have been completed—phase one offering offices for electronic concerns and phase three workshops and studios. All the available space has been taken.

A little further on, at Bridgeton Cross the "bandstand" at the road junction has been restored and repainted in red, white and black; not just a cosmetic operation but part of a traffic management scheme.

Physical improvements are an essential part of the work. Fences, barbed wire and old buildings have been pulled down to be replaced by grassed banks, pyracantha bushes with their profusion of red berries, and the GEAR project's distinctive red-painted guard rails no more than a foot or two off the ground. The East End has, quite literally, sprouted colour.

The biggest success has been to attract private housing. Many sceptics doubted if anyone would buy in the area given not only the lack of jobs but also social problems such as vandalism, crime and drunkenness. The first units put up by UNIT at Tollcross, however, sold quickly and there are now seven builders in the area, including Barratt, London and Clydebank, Bovis and Miller.

By the end of November they had built 700 houses and another 300 were under construction or planned, with eager buyers for all of them.

Alongside this building programme GEAR has been renovating existing premises as fast as it can. Half the inhabitants have had some physical improvement to their tenement or house, "a very economic way of providing better housing," according to Mr Richard Colwell, the SDA's director of urban renewal, who heads the GEAR project.

At the same time, the factory-building side of the programme has brought work back into the area. The East End will never again have the sort of heavy industrial works that once provided its and Glasgow's backbone. Those have gone for ever.

It does now, however, have a solid base of small units, ranging from 500 sq ft up in size. So far, 170 units have been completed and all have been let. "We are still letting as we complete, even after six years, which says something for the success of the programme," Mr Colwell says. These factories have produced some 3,500 jobs.

GEAR has succeeded because it has been a combined effort. But it has to be admitted that much of its success has arisen because it was launched in a time of financial stringency. GEAR had the money and the local authorities had constraints; this enabled the SDA to act as a paternal autocrat, able to get its way when in potential situations of conflict.

The Agency has also succeeded because it has involved the local community at every step. "This is probably the single most important lesson we have learned," according to Mr Colwell. "Involve the people. Tell them what you propose to do before you do it and ask for their reactions. And take their reactions into account.

"They matter most of all. It is their home. We have had regular meetings with the community councils, the residents associations, action groups, anyone.

"We encourage people to walk into our community centres and chat to us about our plans. Thousands have done it with the result that opposition to our ideas is minimal.

"What has happened here has made people walk about their own area with pride. That has been reflected in the number who have wanted to come back and live here. This is the best reward we could have had."

Development Agencies

by Anthony Moreton

TECHNOLOGY

ROBOTICS

Japan's micro version

By Jurek Martin in Tokyo

MITSUBISHI ELECTRIC this week put on the market an inexpensive now microrobot whoso onhanced versatility will, the company believos, be particularly attractive to small companies in light industry.

The microrobot, called tho Move Master Two, is a faster, more durable version of the original Move Master, introduced last year and designed for training, educational, display and hobby purposes.

The particular attraction of the new version lies in its price and enhanced mobility. The basic manipulator and drive unit costs Y1.09m (U.S.$4,500).

Though fully compatible with almost all makes of personal computer, the drivo unit also contains a solid state program capability.

Although oxtras could add anything from Y200,000 to Y600,000 to tho base price, depending on the method of control, the Move Master Two is still very much in the low price range.

Othor industrial "pick and place" microbots in this price band bave more limited functions, according to Mitsubishi Electric. Tho Movo Master Two is unique in being able to move vertically as well as in a horizontal plane and is multi-jointed.

A typical full sized assembly robot runs to between Y7m-10m. The Move Master Two is nothing liko as fast as its bigger brothers—taking threo to four seconds to complete a simple pick and place cycle, and is far less durablo.

But Mitsubishi believes the price differences more than compensates for lower productivity, ospecially for the small and medium sized companies which already purchase 70 per cent of the domestic market for basic robots. Production will begin at a rate of 100 a month.

The company describes a variety of uses for its new product, these include, apart from pick and place operations, bottle shaking, food packaging and transmission of items from one conveyor to another. Its payload is 500 grams at a time.

ENGLISH ELECTRIC GAMBLES £1m ON ENTERTAINMENT PROJECT

Big screens for world sports stadiums

BY ELAINE WILLIAMS

ENGLISH ELECTRIC VALVE, part of the GEC group, is taking a £1m gamble on its latest development.

It is to build a television screen measuring 20 feet high and 30 feet across to show to potential customors.

There is a growing market for such system in sports stadiums to entertain the audiences before thet match starts and during the interval.

Mr Martin Jay, managing director of the Chelmsford based company, believes that the company's long expertise in display systems based on cathodo ray tubes gives it a good chanco of success in a market which is dominated by tho Japaneso.

Cathode ray tubes, or CRTs, form tho heart of every domestic television set. EEV has devoloped miniature vorsions which are used in illuminated display panels, but the Starvision system takes the design a little furthor

Mr Jay said that Starvision would create at loast 100 jobs within the company and recruitment had already started. Despite the recession, EEV has managed to increase its exports by 35 per cent this year with total turnover around £40m. EEV has created 150 new jobs in the past 12 months.

EEV, obviously, has its eyes on Wembley Stadium as a showpiece for its technology. The Wembley Authorities are known to be considering installing a new giant display board so that it can provide better action replays and attract television advertisements which can be shown in the interval.

"It is our objective to sell at least three boards a year," said Mr Jay. This would mean capturing about 30 per cent of the world market for largo display screens.

At present thore are about 30 systems installed in sports stadiums throughout tho world. About 80 per cent of these are based on cathode ray tube technology, tho remainder use lamps.

Simply, a cathodo ray tube consists of three main elements. These are a phosphor screen which glows when electrons strike it; an electrode which emits the electrons and, a small electrode called the grid which controls tho electron flow, and, hence tho brightness of tho phosphor screen.

In order to work, the whole assembly has to be enclosed in a glass envelope from which all the air has been removed. By nsing different colour phosphors — red, green and blue — tho whole range of colours can be produced on the screen.

In the starvision system eight phosphor dots, about one incb square, aro enclosed in a single glass tube. These are then made into modules of eight tubes and fixed to a framo with great accuracy to mako the complete display.

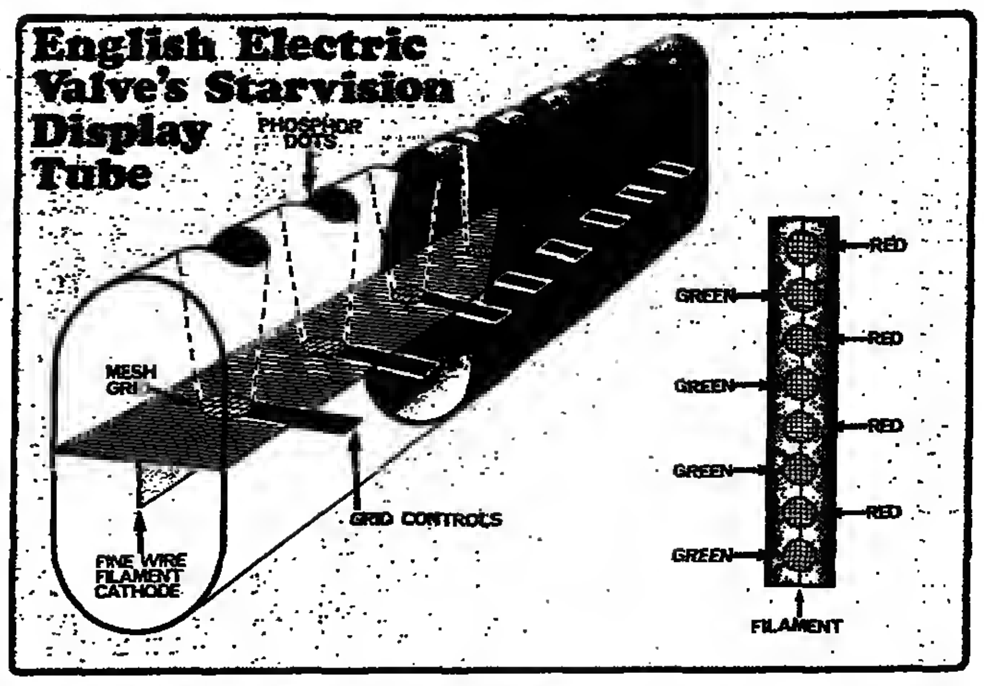
It uses a conventional television signal, which is coded into digital form. The digital signal is temporarily stored in an electronic memory and is used to control the individual lines of phosphor dots across the display. Each temporary memory store controls up to four such lines.

EEV's main competitor is the Japanese Mitsubishi Corporation which has installed many of the existing colour systems througbout the world.

Mr Ralph Nixon, who is in chargo of the Starvision development, says that EEV's display acreen consumes only one fifth the power of the Mitsubishi system, and weighs far less. This is because Mitsubishi has only ono phosphor dot per tube.

The full-size Starvision television screen will contain 10,000 individual CRT tubes, each of which contain eight phosphor dots.

By April, Mr Nixon says the company will have an 8 ft square display board to show to potential customers. This week the company is going into the final stages before full-scale manufacture of the small cathode ray tubes can begin.



Graham Lever

The basic elements in the Starvision display systems are thin cathode ray tubes which each contain eight phosphor dots.

To serve the potential market, the company estimates that it will have to make about 50,000 CRT tubes every year.

The company's traditions lie in electronic components. Its products range from displays based on cathode ray tubes, magnetrons for radar systems, and tubes for infra-red cameras.

But, increasingly, the company has turned towards the building of complete products and systems such as the "Pevicon"—a portable camera which is heat sensitive. It is about to be tried out in British fire brigades to help firemen see through smoke.

FISHING LURE

Artificial reefs to attract the shoals

BY MAX COMMANDER

AS EVERYBODY knows, the Japanese eat a lot of fish. For years they have dropped concrete artificial reefs in close offshore areas. After a while coral and a variety of organisms attach themselves to the concrete. This attracts shoals of fish and inshore fishermen harvest the catch.

But the Japanese have a slight problem. The artificial reefs either in concrete or now in steel, lure bream, yellow tails, mackerel, herring and tuna but salmon, probably wiser than their cousins, will not go anywhere near artificial reef.

Experts at Nippon KK, who have been experimenting with steel fabricated reefs—trying out different shapes, colours and resistance to vibration—would dearly like to know why.

As one Japanese fish spokesperson said: "The Japanese tend to be appreciative of the fact that if fish is expensive then they believe that the flavour must be better."

But, steel or concrete, the system appears to work for most fish.

"Nearby offshore fishing cuts energy costs," said the NKK Steel man. "The demand for quality fish in Japan is very high. Close inshore fishing is cheap by comparison with deep sea fishing where about 60 per cent of the cost of the fish is spent on fuel and transportation."

NKK has been conducting tests on artificial steel reefs for about eight years, mainly to test different shapes. Ten units have been placed in waters 20 to 40 metres deep off the Miye coast.

Other tests were performed to determine resistance to vibration, colour and all aspects for the most efficient lure.

NKK says that after innumerable tests using a marine simulation tank as well as the actual offshore tests its computer aided technique has shown that a truncated pyramid shape is ideal for steel reefs.

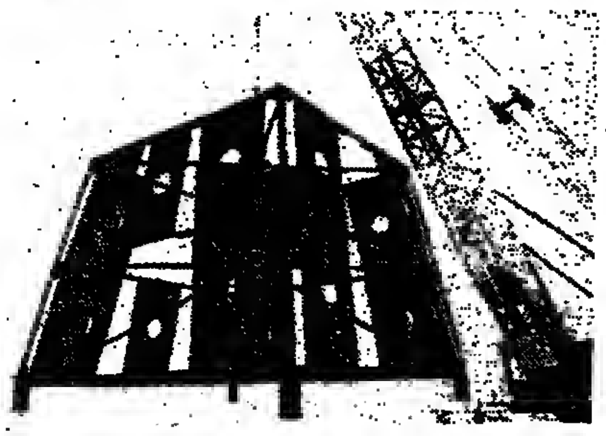
One recently submerged off the Nagiri coast is constructed from H shaped steel frames and steel plates. Each unit is 8.5 metres in height, 7 metres square at the base and weighs 8.5 tons.

NKK says that the Japanese coastal fishing ground development programme has resulted in between 1.8 to 2m tonnes of concrete fabricated reefs placed around the coast and about 1.2 per cent of the entire Japanese coast now has such reefs.

The trend away from concrete is not purely economic but has environmental considerations. NKK points out that concrete becomes alkaline after about one to two years. Steel reefs are non toxic, last between 50 and 100 years, and will by then have rusted away with no detriment to the environment.

But this is one bit of Japanese technology which the West cannot buy. NKK says it is too early for steel reefs to be guaranteed. Transport would not be feasible because of the weights, but future technology licensing is being considered to allow other countries to buy the know-how and fabricate the reefs themselves.

But for the moment it's a domestic market — offshore Japan.



A steel reef being lowered off the coast of Japan.

Diodes

New range

A RANGE of Schottky diodes for use in switched mode power supplies has been introduced by International Rectifier, Oxted, Surrey. Capablo of standing temperatures up to 170°C, tho diodes can handle currents of 40A and 60A. Furthor information is available on Oxted 3215.

Detectors

Hand-held

AT A cost of a little more than £100, Graseby Dynamics Park Avenue, Bushey, Watford, Herts., 0923 28566) has introducod to the market a hand-held metal detector designated the GM3. The deteclor is housed in a matt black polycarbonate case 32 x 6.5 cms. A monitor indicates the need to replace the standard nine volt battery.

Disc drive

SHUGART, the specialist rotary memory company, has managed to redace the beight of its 5.25 inch Winchester disc drive by 50 per cent.

Known as the SA 706 the unit stores over 6 megabytes of data on one plaiter; another version, SA 712, can accommodate over 13 megabytes.

Technically, the height reduction has been achieved mainly through more efficient spindle and stepper motors. More from the UK suppliers, CPU Peripherals on Walton on Thames 46433.

WORLD STOCK MARKETS

NEW YORK

[illegible]

Dow closes sharply lower

WALL STREET stock prices closed sharply lower as the wave of selling that hit video game stocks on Wednesday spread to the rest of the market.

The Dow Jones Industrial Average moved lower thoughout the day and closed off 19.13 points at 1027.98. Declines led advances by better than two to one and volume narrowed to some 91m shares from 97.43m.

AT MIDSESSION the average was off 3.58 at 1,043.51; the New York Stock Exchange all-common index was down 47 cents at $81.26.

The Dow Jones Industrial Average was off 8.27 at 1,038.82 by noon, although it had earlier been down more than 15 points.

Nearly 1,100 Big Board issues pointed lower, while less than 400 advanced with turnover at about 40m shares.

Mattel, which sells Intellvision and is a competitor of Warner Communications, was also delayed quotation after having dropped more than two points on Wednesday. **Coleco**, another video games maker, gained a point to $39¼ after forecasting higher sales.

Heavily-traded **Chrysler** rose 75 cents to $14¾, following reports that the United Auto Workers and Chrysler Canada had "reached agreement" on economic issues.

Among the issues down a point or more were **Honeywell** off $1¼ to $93¼, **Diebold** down $1½ to $73, **Commodore International** off $2 to $72¾, **Mercantile Stores** $1¾ lower at $118¼, **Smithkline Beckman** down $1¼ to $67 and **Hewlett-Packard** off $1¾ to $77¼.

Airlines also declined as investors continued to focus on the industry's traffic problems and high operating costs. **Southwest Air** fell $3¼ to $59½, **KLM** $3¼ to $51¼ and **Trans World** shed ⅝ to $30⅜.

American Stock Exchange prices declined with the Amex index off 3.15 to 335.55.

Canada

Canadian stocks were broadly lower in early trading, with the Toronto composite index off 21.0 points to 1,857.7 on a volume of 1,212,037 shares. Declines led advances three to one. In Montreal too indices pointed lower with Industrials down 2.76 at 314.28. Golds and Oils registered particularly sharp falls.

Among actives, **Dome Petroleum** was off 5 cents at $3, **Toronto Dominion Bank** lost 75 cents at $39½, and **Imperial Oil "A"** shed ⅛ to $26½.

Tokyo

The market closed sharply lower following light profit-taking on growing concern about the recent high price levels, coupled with the yen's setback against the dollar and the overnight fall on Wall Street. The market average lost 56.86 on the day, after recovering from an earlier loss of 90.59 to close at 7,948.25. The Tokyo Stock Market index fell 4.30 to 583.20 on light volume.

International Blue Chips and video tape-recorder makers led the fall due to a slow-down in video sales both in Japan and abroad.

Sanyo Electric lost Y32 to Y466, after news that European video manufacturers may appeal to the European Commission against alleged dumping by Japanese companies. **TDK Electronics** lost Y160 to Y5,280.

Major falls included **Sony** down Y60 to Y4,090, **Hitachi** Y14 lower at Y754, **Toshiba** down Y8 to Y378, **Mitsubishi Heavy Industries** off Y8 at Y218, **Sumitomo Metal** Y7 lower at Y151, **Nissan Motor** Y13 down to Y767 and **Fuji Photo** off Y30 to Y1,900. But **Fujitsu** recovered sharply after initial losses and Drugs tended mixed.

Germany

The *Commerzbank* index of German shares calculated at midsession, hit its highest level since October 1979 on lively demand, but profit-taking later erased the gains and many shares closed below Wednesday's levels. Chemicals, though off their best, finished above Wednesday's levels. **Hoechst** was DM 2.30 up at DM 113.60, *Bayer* was DM 1.70 higher at DM 113.20 and **BASF** rose 20 pfennigs to DM 115.

In mixed Motors, **VW** was a strong feature, ending DM 3.20 higher at DM 140.70 despite a nine-month loss and plans for short-time working.

Elsewhere in Motors **BMW** added 70 pfennigs to DM 228.70 but **Daimler**, which made strong gains in the recent rally, shed DM 1 to DM 381.

Commerzbank lost DM 1.50 to DM 136, **Deutsche Bank** fell DM 1 to DM 278 and **Dresdner** shed 50 pfennigs to DM 146.50.

In Electricals **BBC** fell DM 4.50 to DM 54 and *Thyssen* edged 40 pfennigs to DM 257 and **AEG** fell DM 1.70 to DM 29.60. In Steels, **Kloeckner** lost DM 1.50 to DM 54 and **Hhyssen** edged 40 pfennigs lower to DM 68.50. **Preussag** lost DM 1.50 to DM 200 in Metals but **Metallgesellschaft** added DM 2.50 to DM 214.50.

Amsterdam

Dutch shares weakened on substantial selling pressure after Tuesday's gains. However, prices did rally slightly later.

In Dutch Internationals **KLM** fell Fl 8.50 to Fl 140.50 and **Unilever** was Fl 1.90 lower at Fl 194.50. In Banks, **ABN** lost Fl 2 to Fl 303 and **NMB** fell Fl 1.50 to Fl 131. **Mortgage Bank FGH** was down Fl 1.60 at Fl 43.90.

Insurances were uniformly lower despite picking up somewhat from opening levels. **Ennia** was Fl 1.50 lower at Fl 136.50, while **HBG** fell Fl 5 to Fl 88. Publisher **Elsevier** was down Fl 7 at Fl 198. **Ahold** fell Fl 3 to Fl 120 and **Gist-Brocades** lost Fl 1.50 to Fl 115. **VMF-Stork** fell Fl 1.70 to Fl 62.30 and **Bols** lost Fl 2 to Fl 70.50. **HVA** and **Amfas** were also lower. Later, both **KLM** and **Unilever** suffered further losses.

Switzerland

Swiss share prices closed easier in active trading after Wednesday's decline on Wall Street. The firmer dollar and rising eurodollar rates also caused some insecurity and year-end position-squaring was another factor. But the market's expectations of lower interest rates next year provided underlying support.

Banks fell across the board, with **Union Bank of Switzerland**, **Swiss Bank Corp** and **Credit Suisse** markedly lower. Some Financials advanced against the trend, with **Motor Columbus**, **Interfood** and **Landis and Gyr** higher. But **Oerlikon Buehrle**, **Adia** and **Intershop** declined.

Australia

Renewed selling pressure pushed share prices down in Australia following the trend on Wall Street, the drop in the gold price and pressure from overseas selling orders. The All Ordinaries index fell 6.8 to 476.9 and All Industrials were off 3.3 at 609.6.

BHP closed 12 cents lower at A$6 after touching a low of A$5.96, and **CSR** fell 12 cents to A$2.75.

Vamgas shed 24 cents to A$6.36 in a generally easier Oil and Gas sector. Base Metal leaders also declined with **MIM** 12 cents lower at A$3.63 and **WNC** 11 cents off at A$3.22. **CBA** eased to A$3.88 and **Bougainville** fell 6 cents to A$1.75.

Stockholm

Swedish share prices closed mixed in heavy turnover. In Engineerings, **Alfa-Laval** fell SKr 5 to SKr 250 while **Atlas Copco** firmed to SKr 87. In Electricals, **ASEA** gained SKr 1 to SKr 243. In Cars, **Volvo** rose SKr 3 to SKr 278 bid while **Saab-Scania** fell SKr 1 to SKr 178.

Hong Kong

The market closed firmer at the day's highs in selective, light trading after an early decline and the Hang Seng Index closed 19.41 higher at 771.34.

Hong Kong Land gained 27.5 cents to HK$3.75 on rumours that the **HK/Shanghai Bank** will buy a property from a company owned jointly by **HK Land** and **Carrian Investments**.

Both **HK Land** and **HK/Shanghai Bank** declined to comment on the rumour. **HK Bank** gained 10 cents to close at HK$7.65 and **Carrian** rose 10 to 97 cents.

CANADA

(Closing Prices) Stock	Dec 9	Vars.
AMCA Int.	19⅝	-¾
Abitibi	17	-⅜
Alberta Energy	10	-
Alcan Alumin	30⅛	-⅝
Algoma Steel	23½	-½
Asbestos	10½	-1
Bk Montreal	26⅞	-⅜
Bk Nova Scotia	35⅝	+⅛
[illegible]	[illegible]	[illegible]

DENMARK

Dec. 9	Price %	+ or —
Aarhus	322	-2.4
Andelsbanken	139.2	
Baltica Skand.	299	-2
CopHandelsbank	151	
D. Sukkerfab	358.4	+2.4
Danske Bank	151	
East Asiatic	77.2	+0.2
Forende Brygg	614	+4
Forende Damp	244	-1
[illegible]	[illegible]	[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

HOLLAND (continued)

Dec. 9	Price Frs.	+ or —
Gist. Brocades	114.8	-0.7
Heineken	95.8	-1.9
Hoogovens	13.4	-0.1
HunterDouglas	2.6	+0.2
Int Muller	12.9	-0.4
KLM	135.5	-14.5
Naarden	25.5	
Nat Ned cert	126.2	-2.3
Ned Cred Bank	28.5	
[illegible]	[illegible]	[illegible]

ITALY

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

Dec. 9	Price Aust. $	+ or —
AHZ Group	3.50	-0.05
Acrow Aust	0.84	-0.01
A.O.D.	0.91	
Ampol Pet	1.40	
Assoc. Pulp Pap	1.85	
Aust. Cons. Ind	1.06	-0.02
Aust. Guarant	2.13	
Aust. Nat. Inds	2.08	-0.02
Aust. Paper	1.65	-0.02
Bond Hldgs	1.04	
[illegible]	[illegible]	[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

Dec. 9	Price Yen	+ or —
Konishiroku	675	-15
Kubota	326	
Kumagai	396	-6
Kyoto Ceramic	4,200	-10
Maeda Const	552	-7
Makino Milling	740	-1
Makita	790	-5
Marubeni	299	-5
Marudai	600	-17
Marui	1,020	
[illegible]	[illegible]	[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Financial Rand US$0.77
(Discount of 16¼%)

NEW YORK Indices

[illegible]

New York Active Stocks

[illegible]

(**) Saturday Nov 27: Japan Dow 7898.93. TSE 580.55.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

LONDON STOCK EXCHANGE

Dearer money anxieties ensure sensitive trading conditions but markets become steadier late

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Nov 29	Dec 9	Dec 10	Dec 20
Dec 13	Dec 29	Dec 30	Jan 10
Dec 31	Jan 13	Jan 14	Jan 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

Dearer money anxieties ensured a continuation of extremely sensitive trading conditions in London, but stock markets, in unison with money markets, turned much steadier in yesterday's later business. This owed much to the authorities holding intervention rates down, a move which gave some stability to the financial community and for the second successive day reversed early firmness in short-term money rates. The latter continued to reflect persisting fears that the clearing banks were about to raise base rates.

The Gilt-edged market was highly nervous and vulnerable in the early trade. A combination of defensive marking down and fresh light selling lowered selected longer-dated issues almost a point from Wednesday's late closing levels. Sentiment, however, remained closely linked to money and currency exchange markets. Gilts soon followed their lead by steadying and then staging a technical recovery.

Revived small investment demand helped the movement and, with overseas business on the wane, most longer-dated stocks finally regained the initial losses. The shorts did even better in recouping early falls approaching ½ to close a net ¼ up in places. The high-coupon *Treasury 15 per cent 1985 ended*, that much higher at 106½ and Exchequer 10½ per cent 1987 was *similarly dearer at 97¼*.

Equity markets also had to contend with the adverse effects of easier Wall Street advices. Leading shares were sometimes lowered quite sharply, resulting in losses ranging almost to double figures. But sellers were generally reluctant and, with interest tending to dwell on companies reporting trading statements, values began to recover.

Bear-covering was a factor but "new-time" interest for the long trading Account starting on Monday was sporadic and directed at isolated situation stocks and current speculative favourites. Measuring the rally, the FT Industrial Ordinary Share Index had by noon halved its 10 am loss of 9 points before easing again after-hours with Wall Street trends to close a net 6.4 down at 577.7, a fall, so far this *week of around 29 points*.

Minet better

Recently depressed Insurance brokers attracted a few buyers at the lower levels. **Minet** led the rally, rising 7 to 94p, while **Willis Faber** hardened 5 to 457p and **Hogg Robinson** improved a couple of pence to 82p.

Life issues featured **Hambro**, which touched 336p before closing a net 4 up *at 328p* following the announcement that Guardian Royal Exchange had agreed to subscribe for 12m new ordinary shares at 325p per share which will increase its stake in Hambro *Life* to *approximately 10* per cent; GRE softened 4 to 350p.

Inn Leisure staged a successful debut in the Unlisted Securities Market; with just 10 per cent of the capital placed at 17p, the shares opened at 24p and moved up to 27p.

Business in leading Breweries remained at a low ebb and with the noteworthy exception of **Grand Metropolitan**, 5 lower at *301p, most held close to the overnight positions.* **Greenall Whitley** held at 122p following prelimi*nary results matching* market estimates. Elsewhere in Regionals, **Matthew Brown** continued to react to *profit-taking* in the wake of last Monday's half-timer and gave up 4 more to 244p. In contrast, Dorset concern **Eldridge Pope**, dealt in the Unlisted Securities Market, firmed 8 to 562p following the increased full-year profits and dividend. **Belhaven** responded to renewed speculative support with a gain *of 2 to 23p. Cider manu*facturers, having made spectacular progress this year, reacted to *sporadic profit-taking*. **H. P. Bulmer**, up from a 1982 low of 287p, eased 40 to 935p in an exceptionally narrow market in front of next Wednesday's interim statement. **Merrydown**, up from around 42p, shed 20 more to 315p in sympathy.

Higher interest rate worries continued to unsettle **Barratt Developments**, which shed 6 for a two-day fall of 22 to 422p, but other leading Buildings made a steadier showing after the previous day's shake-out. Outside of the leaders, **McCarthy and Stone**, dealt in the Unlisted Securities Market, encountered fresh selling and shed 20 for a two-day drop of 45 to 350p. Dealings in **Allied Residential** were suspended at 14p; the company has agreed to buy a residential property portfolio from Taddale Investments for £2.76m to be satisfied by the issue of 19.86m shares and, as a result of the transaction, Taddale will be obliged to make a cash offer for the existing Allied shares. Taddale subsequently intends to reduce its stake in Allied to 25 per cent; **Thames Investments**, which holds a 26 per cent stake in Allied and has agreed to the deal, gained 10 to 160p. **Bell and Sime** put on 3 to 138p; John Fleming has increased its holding to 29.9 per cent.

After opening at 338p, ICI moved back to the overnight level of 342p on a combination of bear closing and cheap buying before drifting off on early Wall Street advices to close 4 cheaper on balance at 338p.

Stores above worst

Leading Stores attracted a useful two-way business and, although sustaining moderate falls, most finished well above the worst. **Gussies A**, down to 580p in front of the announcement, rallied to close only 5 off on balance at 583p following the relatively uninspiring interim results. **British Home** eased 3 to 216p, after 214p, while **Habitat Mothercare**, *down to 214p* at one stage, closed a net 2 dearer at 218p. UDS were also *wanted on takeover hopes* and firmed a couple of pence to 54p, but **Marks and Spencer**, 216p, *and Burton, 293p, both lacked* support and fell 8 and 5 respectively.

Apart from **Wearwell**, a shade firmer at 84p, secondary issues generally finished with modest losses. **Martin The Newsagent** eased 2 to 254p in front of next Monday's preliminary figures, while **John Menzies** gave up 6 more to 352p. **Harris Queensway** remained under pressure and closed 12 off at 308p, while **Peters**, 86p, and **Heelamat**, 78p, shed 4 apiece. **N. Brown** gave up a few pence to 163p following the virtually unchanged interim results. **Waring and Gillow** were particularly dull, falling 6 to 79p.

Electrical leaders followed the general trend with **Racal**, 547p, and **Plessey**, 582p, reacting 12 and 10 *respectively*. **GEC** eased 5 to 195p. **Crystalate**, a good market of late, came back 9 to 168p following good preliminary results. **Cable and Wireless** met selling and gave up 10 to 312p, while falls of a similar amount were marked against *Eurotherm*, 497p, and **Pactrol**, 340p. **Security Tag** fell 20 to 345p.

Apart *from* **Vickers**, which showed renewed weakness at 80p, down 4, the Engineering leaders closed little changed. Elsewhere, **RHP** featured with a rise of 7½ to 42p on the better-than-expected results. **Baker Perkins** hardened 4 to 80p, but Dartland fell 9 to 61p on sharply reduced interim profits.

Lack of support and scattered selling gave the Food sector a drab appearance. **Rowntree Mackintosh** gave up 4 for a three-day fall of 18 to 188p, while **Cadbury Schweppes** softened a penny more to 117p. Among Retailers, **Argyll** touched 116p in immediate response to the *interim statement before drifting* off to close 3 cheaper on balance at 111p. **William Low** met occasional selling and shed 5 to 185p.

Sidlaw feature

Leading miscellaneous industrials rallied from initial lower levels but early weakness on Wall Street yesterday brought quotations back to settle around the lowest of the day. **Beecham** finished 6 off at 337p and **Boots** a similar amount down at 248p, while comment on the interim results prompted a reaction of 12 to 156p in **Pilkington Bros. BOC International**, in contrast, moved up to 180p on the interim results but drifted back to close only 3 *dearer* on balance at 172p.

Sidlaw featured with a jump of 44 to 260p on the good annual results, while Combined Technology advanced 9 to 55p following the chairman's statement on the company's future. **Marling Industries** shed 6 to 37p on the fall in the half-year *profits*, while the annual loss and the absence of a dividend left **Burco Dean** 4 cheaper at 17p. Still reflecting bid hopes, *Sotheby's* advanced 20 more to 465p, while comment on the preliminary figures left *Hanson Trust 4 higher at 235p*. **London and Liverpool** closed unaltered at 337p, after 355p but **Polly Peck** picked up ½ to £23⅛, after £23⅜. **R. W. Toothill** fell 6 to 112p on the second-half profits warning. Other dull spots included **Courtney Pope**, 8 cheaper at 75p.

Motor sectors drifted lower for want of attention. Components usually displayed modest falls, with **Jonas Woodhead** a penny cheaper at 12p awaiting today's interim figures. Elsewhere, **ERF** came on offer and fell 3 to 32p following the declining demand for heavy lorries. **York Trailer** closed a penny off at 29p. Among Distributors, **Arlington** firmed a couple of pence to 97p in response to the recovery in full-year earnings but **Caffyns**, interim figures scheduled for next Monday, gave up 4 to 90p, while the chairman's confident remarks in the annual report failed to inspire **Jessups**, a penny off at 35p.

Dealings in **Fleet Street Letter** were suspended at 100p pending details of a possible reverse takeover involving a communications company.

Advertising agency **Saatchi and Saatchi** touched 575p before settling for a net gain of 5 at 560p following the increased annual profits and dividend and proposed scrip issue.

Significant movement in Properties were few. **Greycoat City Offices** firmed 2 to 108p on the better-than-expected interim results and the board's optimistic statement about growth prospects but **Sheraton Securities**, awaiting today's half-year figures, reacted to a low for the year of 8p before closing ½ off at 9p. Occasional offerings clipped 4 from **C. H. Beazer**, to 226p, and a couple of pence from **A. and J. Mucklow**, to 67p, but **McInerney**, a thin market, improved 2 to 34p. **Greencoat** held at 14p; Fairclough has increased its stake in the company to 18.78 per cent.

Jackson rally

A modest rally in Oil shares faltered in the wake of yesterday's initial weakness on Wall Street. **BP** settled with a fall of a couple of pence at 296p, while **Shell** ended unaltered at 402p, after 406p. Among the exploration stocks, **Jackson** staged a marked rally at 290p, up 30, after 298p, while **Candecca** were also noteworthy at 135p, up 10.

Meat traders **Thomas Borthwick** eased a couple of pence to 13p following the preliminary results.

Leading **Textiles** reversed Wednesday's falls with **Dawson International**, 131p, and **Nottingham Manufacturing**, 188p, both 3 better and Allied 3 up at 218p. *Melins* continued to attract a brisk trade reflecting speculative interest and, after opening easier at 60p, rallied strongly to finish 8 dearer on balance at *72p, after 76p*. **Shaw Carpets** firmed 2 to a 1982 peak of 23½p following the return to profits at the interim stage.

Press reaction to the interim results clipped 4 from **Rothmans International** at 123p, but **Imperial** recovered from an earlier 110p to close unchanged at 112p.

Golds down again

South African Golds lost further ground, depressed by the fresh weakness in the bullion price and renewed profit-taking. Bullion fell to around $435 before closing a net $7.5 down at $437.

The Gold Mines index retreated 5.4 more to 496.0, a two-day decline of 25 points.

Heavy overnight American selling prompted a sharp mark down of prices at the outset. Continental buying interest tended to steady prices during the morning but renewed selling from the U.S. and London left the market lower at the close with heavyweights showing losses of up to £1½, as in Western Deep, £30½.

Financials also came under persistent selling pressure, notably "Amgold" and GFSA, which fell £1½ apiece to £38½ and £33¾ respectively. De Beers, however, held around the 350p level following good support from Johannesburg.

London Financials showed little overall change despite renewed weakness in UK equities and Golds. Gold Fields were finally unaltered at 450p, after 447p, while RTZ closed unchanged at 440p, after 438p.

Platinums weakened in line with Golds, Lydenburg easing 7 to 220p and Rustenburg 8 to 340p.

A sharp contraction in turnover in Australians followed the lack-lustre performance by overnight domestic markets and international bullion markets. Recent favourites Central Norseman closed barely changed at 450p as did GMK, 490p, while Coals were featured by Meekatharra which dropped 9 to 133p.

Increased support of put positions boosted contracts done in Traded Options to 1,449—820 calls and 629 puts. Business in calls was well distributed among those in issue with GEC and Imperial recording 146 and 151 calls respectively. Put trading featured Vaal Reefs, which attracted 211 deals. Prices were generally subdued, although Marks and Spencer January 220 puts showed an increase of 3 to 11p.

FINANCIAL TIMES STOCK INDICES

	Dec. 9	Dec. 8	Dec. 7	Dec. 6	Dec. 3	Dec. 2	A year ago
Government Secs.	78.07	78.02	79.41	80.30	80.65	79.80	65.48
Fixed Interest	80.91	81.08	81.74	82.39	82.48	82.11	63.90
Industrial Ord.	577.7	584.1	595.0	598.5	606.8	609.1	526.5
Gold Mines	496.0	504.4	521.0	497.7	474.9	478.4	287.6
Ord. Div. Yield	5.15	5.07	4.98	4.95	4.88	4.88	5.74
Earnings, Yld % (full)	11.05	10.90	10.72	10.64	10.50	10.41	10.12
P/E Ratio (net) (*)	10.85	11.00	11.19	11.26	11.42	11.56	10.77
Total bargains	22,303	25,058	21,018	26,382	22,490	22,869	16,836
Equity turnover £m.	—	166.05	207.99	193.02	206.99	222.24	114.65
Equity bargains	—	16,848	19,516	21,737	19,638	19,867	10,574
Shares traded (mil)	—	111.4	104.2	169.2	186.0	157.8	79.6

10 am 575.1. 11 am 579.4. Noon 578.6. 1 pm 578.8. 2 pm 579.9. 3 pm 578.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026.

Nil=10.08.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.64 (8/11)	61.89 (8/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.08 (12/11)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	637.4 (12/11)	518.1 (21/6)	637.4 (12/11/82)	49.4 (26/6/40)
Gold Mines	521.0 (7/12)	181.2 (22/6)	558.9 (28/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 8	Dec. 7
Daily Gilt Edged Bargains	203.8	201.5
Equities Bargains	109.3	120.4
Value	535.8	480.6
5-day Average Gilt Edged Bargains	200.5	199.0
Equities Bargains	126.6	[illegible]
Value	586.6	423.6

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	26	8	62
Corpns. Dom. & Foreign Bonds	[illegible]	[illegible]	45
Industrials	140	463	740
Financial & Props.	59	127	231
Oils	12	45	87
Plantations	1	5	16
Mines	[illegible]	[illegible]	75
Others	[illegible]	[illegible]	59
Totals	330	763	1,398

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or –	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or –
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or –
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. 7 Figures assumed. Ф Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. ◆ Merger bid or reorganisation in progress.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BOC	172	+ 3	London & Liv Tst	337	—
Bio-Isolates	246	+10	Marks & Spencer	210	− 8
Burmah	141	− 4	Polly Peck	£23⅛	+ ½
Comb Tech	55	+ 9	Sidlaw	260	+44
Electro-Protective	172	− 4	Vaal Reefs	£60⅛	− ⅛
Glaxo	£12⅛	− ⅛	Westland	134	+ 4

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Wed. close	Day's change	Stock	No. of changes	Wed. close	Day's change
Lon & Liv Tst	19	337	−20	Burmah	14	145	−10
Fobel	16	100	−12	Comb Tech	14	46	− 4
Tesco	16	13pm	− 4½	Granada "A"	14	174	+1p
De Beers Dfd	15	353	−27	Hanson Tst	14	231	+ 2
Doornfontein	13	£18⅛	− 1	Rust Plat	14	345	—
GUS "A"	13	588	−12	Jackson Exp	13	200	− 3
Polly Peck	13	£22⅛	− 1⅛	Pilkington	13	168	+ 2

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thur Dec 9 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Dec 8 Index No.	Tues Dec 7 Index No.	Mon Dec 6 Index No.	Fri Dec 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	410.32	−1.2	9.76	4.18	12.78	415.45	422.56	425.81	429.31	349.60
2	Building Materials (24)	384.62	−0.7	11.07	4.89	10.87	387.51	394.57	395.37	397.00	301.03
3	Contracting, Construction (29)	698.21	−1.0	12.75	4.53	9.35	705.04	718.54	723.71	725.36	527.73
4	Electricals (32)	1599.79	−1.9	7.53	2.17	17.03	1630.47	1656.23	1669.42	1690.95	1204.33
5	Engineering, Contractors (10)	443.03	−1.3	15.47	7.00	7.84	449.06	459.54	464.07	473.96	475.54
6	Mechanical Engineering (67)	190.62	−0.4	12.77	6.21	9.57	191.33	194.84	197.23	197.72	189.69
8	Metals and Metal Forming (11)	138.61	—	14.31	8.90	8.55	138.64	142.27	143.04	144.66	162.80
9	Motors (18)	72.87	−1.0	1.72	8.77	—	73.58	75.15	76.05	77.04	93.05
10	Other Industrial Materials (17)	352.31	−0.9	9.77	5.95	12.96	355.49	359.78	362.03	363.89	372.34
21	CONSUMER GROUP (202)	392.06	−1.0	10.53	4.48	11.52	395.94	404.44	408.15	411.07	268.34
22	Brewers and Distillers (23)	428.10	−0.5	11.29	4.95	10.86	430.37	435.16	434.83	434.93	276.43
25	Food Manufacturing (20)	320.48	−0.2	14.27	5.62	8.21	321.26	326.57	327.40	329.71	261.76
26	Food Retailing (14)	837.31	−0.9	7.48	2.81	16.78	844.96	867.23	875.30	878.41	547.59
27	Health and Household Products (8)	662.79	−1.6	6.10	2.78	19.45	673.77	692.28	702.56	714.34	341.81
29	Leisure (24)	438.73	−0.9	9.71	5.26	13.30	442.70	449.09	456.83	458.18	418.78
32	Newspapers, Publishing (13)	583.71	−0.6	10.95	5.52	11.47	587.16	587.87	590.27	588.42	403.16
33	Packaging and Paper (14)	143.14	+0.4	15.30	7.81	7.73	142.54	146.08	149.64	148.35	131.03
34	Stores (46)	369.23	−1.8	8.19	3.70	16.12	376.05	386.01	389.97	392.15	341.02
35	Textiles (23)	170.13	+0.6	13.97	6.30	8.67	169.05	171.71	173.32	173.80	158.43
36	Tobaccos (3)	434.42	−0.6	19.76	6.38	5.61	437.16	448.60	457.51	467.77	254.49
39	Other Consumer (14)	324.61	—	1.99	4.77	—	324.50	330.96	334.90	335.75	243.15
41	OTHER GROUPS (76)	276.47	−0.7	12.53	6.03	9.60	278.29	281.95	284.49	286.09	225.61
42	Chemicals (15)	368.01	−0.5	13.38	6.54	8.89	370.01	377.82	380.14	383.48	292.76
44	Office Equipment (4)	83.40	−2.0	19.50	10.45	6.30	85.14	85.81	87.18	88.41	110.92
45	Shipping and Transport (13)	497.10	−1.1	17.43	8.56	6.83	502.45	518.01	517.53	522.98	585.30
46	Miscellaneous (44)	389.19	−0.5	10.06	4.60	12.14	391.29	393.61	397.49	397.85	298.17
49	INDUSTRIAL GROUP (486)	382.90	−1.0	10.51	4.56	11.65	386.87	394.21	397.62	400.53	298.01
51	Oils (14)	697.90	−0.3	18.15	8.28	6.50	699.93	706.68	700.42	728.51	778.97
59	500 SHARE INDEX	409.91	−0.9	11.63	5.11	10.42	412.81	420.07	422.65	427.72	329.59
61	FINANCIAL GROUP (119)	263.15	−0.2	—	6.68	—	263.62	266.58	268.85	269.36	255.04
62	Banks (6)	285.07	—	35.37	8.46	3.09	285.86	286.67	291.11	291.14	280.47
63	Discount Houses (9)	268.66	+0.1	—	8.65	—	268.39	275.97	286.29	288.29	256.81
65	Insurance (Life) (9)	351.11	−0.5	—	5.45	—	352.80	356.42	356.75	356.19	250.92
66	Insurance (Composite) (10)	171.45	−0.7	—	8.30	—	172.67	174.69	174.84	175.22	158.70
67	Insurance Brokers (7)	446.94	+1.3	14.32	6.07	9.66	441.16	450.40	451.65	469.33	411.24
68	Merchant Banks (12)	151.40	—	—	5.75	—	151.34	152.78	152.38	152.38	153.51
69	Property (51)	393.91	−0.1	6.37	4.39	20.95	394.28	398.35	401.83	404.12	459.23
70	Other Financial (15)	177.84	—	15.61	6.50	7.61	177.81	182.55	187.96	184.21	175.99
71	Investment Trusts (109)	343.08	−0.4	—	4.90	—	344.34	346.93	347.32	346.95	288.42
81	Mining Finance (4)	223.28	−0.1	9.18	6.37	14.61	223.60	229.28	225.37	223.99	242.70
91	Overseas Traders (18)	366.54	−0.4	13.08	8.92	9.76	368.16	375.57	376.68	380.64	498.94
99	ALL-SHARE INDEX (750)	370.73	−0.8	—	5.42	—	373.53	379.60	381.77	385.34	312.59

FIXED INTEREST

	PRICE INDICES	Thur Dec 9	Day's change %	Wed Dec 8	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	116.32	+0.19	116.47	0.38	11.29
2	5-15 years	125.46	+0.02	125.66	0.22	12.37
3	Over 15 years	131.65	−0.00	131.80	0.15	13.40
4	Irredeemables	135.17	—	135.17	—	13.57
5	All Stocks	124.35	+0.05	124.52	0.25	12.33
6	Debentures and Loans	100.93	−0.64	101.82	—	10.80
7	Preference ●	77.32	−0.42	77.32	—	6.54

	AVERAGE GROSS REDEMPTION YIELDS		Thur Dec 9	Wed Dec 8	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.12	9.13	13.28
2		15 years	10.58	10.56	13.77
3		25 years	10.85	10.85	13.77
4	Medium Coupons	5 years	11.77	11.81	15.80
5		15 years	11.79	11.78	15.68
6		25 years	11.30	11.29	15.11
7	High Coupons	5 years	11.85	11.90	15.62
8		15 years	11.93	11.92	15.89
9		25 years	11.44	11.43	15.32
10	Irredeemables †		10.88	10.88	13.07
11	Debs & Loans	5 years ●	12.53	12.53	16.21
12		15 years ●	12.35	12.35	16.08
13		25 years ●	12.34	12.34	16.01
14	Preference ●		12.87	12.87	16.33

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

●Due to technical difficulties debenture and preference figures are invalid.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (42)

AMERICANS (9)
Alcoa; American Medical; Browning Ferris; Fm. Corp. America; Ford Motor; Gen. Elect.; Lowes; Morgan (J. P.); Time Inc.

CANADIANS (6)
Bank Montreal; Bank Nova Scotia; Bell Can.; Can. Imp. Bank; Rio Algom; Royal Bank Can.

BUILDINGS (1)
Lawrence (W.)

ELECTRICALS (5)
Cass Group; Fujitsu; Hempkinetics; Highland Elect.

ENGINEERING (1)
Martonair

INDUSTRIALS (6)
Exeter Trav.; Blundell Permoglaze; Electrolux "B"; Pitney Bowes; Sidlaw Inds.; Sotheby's

MOTORS (1)
Arlington Motor

NEWSPAPERS (1)
Collins (Wm.) "A"

PAPERS (1)
Saatchi & Saatchi

TEXTILES (1)
Shaw Carpets

TRUSTS (6)
Greenfriar Inv.; Keystone Inv.; Lowland Inv.; Monks Inv.; Trans. Oceanic; Utd. Comp. & Tech.

MINES (5)
Free State Dev.; Jo'burg Cons.; Sentrust; Kaibars Mining; Anglo Dominion

NEW LOWS (51)

BUILDING SOCIETIES (3)
Nationwide 11½pc 30.2.83; Do. 11½pc 3.10.83; Do. 8½pc 31.10.83

BANKS (1)
Starts

BUILDINGS (3)
Crouch (D.); Crouch Group; Glossop

CHEMICALS (1)
Brent Chem.

ELECTRICALS (5)
BICC; Chloride; Knight Comp. Intl.; Petbow; Tele. Rentals

ENGINEERING (6)
Davy Corp.; Elliott (B.); Glynwed; Molins; Porter Chadburn; Vickers

INDUSTRIALS (11)
AIM; Berisfords; B. H. Prop.; Cookson; Euro. Ferries; Office & Elect.; Sale Tilney; Spear (J. W.); Shiretone; Tilling (T.); Waterford

MOTORS (7)
ERF (Hldgs.); Solex (UK); Supra; BSG; Davis Godfrey; Henlys; Quick (H. J.)

PROPERTY (4)
Phoenix Prop. & Fin.; Rush & Tomkins; Sheraton Secs.; Trafford Park

TEXTILES (1)
Montfort

TRUSTS (3)
Lon. Merchant; Viking Res.; Oils & Assoc. Inv.

OILS (3)
Steaua Romana; Weeks (B'uda); Weeks Prf. (Aust.)

MINES (3)
Central Pacific; Eagle Corp.; Southern Pacific

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec 6	Dec 17	Mar 17	Mar 28
Dec 20	Dec 31	Apr 7	Apr 18
Jan 10	Jan 31	Apr 21	May 3

For rate indications see end of Share Information Service

Call options were arranged in Burmah, Barratt Developments, Astra, Marks and Spencer, 600 Group, Combined Technologies, Wearwell, Whittington Estates, Sound Diffusion, Minet, AE, Glaxo, Carless Capel, Sidlaw, Turner and Newall and Garfunkels. No puts were reported. Double options were completed in Burmah, First National Finance and Combined Technologies.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, December 8, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]								

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. [illegible]

FT COMMERCIAL LAW REPORTS

'Dividend' excludes tax credit

HAWKER SIDDELEY GROUP LTD v HAWKER SIDDELEY AVIATION LTD AND ANOTHER

Court of Appeal (Lord Justice Stephenson, Lord Justice Oliver and Lord Justice Slade): December 6 1982

WHERE A company has a statutory obligation to pay a "dividend" in the normal sense of the word, tax credit does not form part of the maximum amount payable if the formula for calculating the amount covers any maximum payments permitted from company funds and not merely "franked payments" consisting of money paid and tax credit.

The Court of Appeal so held when allowing an appeal by Hawker Siddeley Group Ltd (Hawker Siddeley), plaintiffs, from Mr Justice Dillon's decision that its previous subsidiaries, Hawker Siddeley Aviation Ltd (Aviation) and Hawker Siddeley Dynamics Ltd (Dynamics), defendants, had fully discharged their respective liabilities to pay dividends to Hawker Siddeley upon their compulsory acquisition by British Aerospace.

* * *

Section 23 (5) of the Aircraft and Shipbuilding Industries Act 1977 provides: "For the purposes of this section and section 24 below . . . references . . . (a) to payments of dividend shall be construed . . . as references to . . . *franked* payments within the meaning of [the Finance Act 1972]."

Section 24 (1) provides: ". . . the payments of dividend . . . permitted for any period of control . . . are . . . (c) . . . payments of dividend of amounts which, when aggregated, do not exceed whichever is the less of—(i) the certified net revenue of the company for the period of control . . ."

Section 25 (1) provides: "As soon as possible after the date of transfer, each acquired company shall make the following payments to the persons who immediately before that date, were the holders of securities of the company . . . (b) payments of dividend for the final financial period . . . of such amounts as to ensure that the aggregate payments of dividend . . . are equal to the maximum amounts permitted under section 24 above . . ."

LORD JUSTICE SLADE said that the two defendants, Aviation and Dynamics, were wholly-owned subsidiaries of Hawker Siddeley. On April 29 1977 all their issued share capital was vested in British Aerospace by virtue of the *Aircraft and Shipbuilding Industries Act 1977*. Hawker Siddeley was entitled to government stock by way of compensation.

Under section 25 of the Act the defendants were obliged to pay Hawker Siddeley, after the vesting date, a dividend for the "final financial period."

In November 1977 Aviation paid Hawker Siddeley a dividend of £2,386,239 in respect of the final accounting period, with a tax credit voucher for £1,229,275, and Dynamics paid £117,353 with a tax credit voucher for £60,454.

They each intended that those payments should be *in full* discharge of their obligations under section 25. Hawker Siddeley, however, did not accept that they were sufficient and took proceedings.

Mr Justice Dillon held that Aviation and Dynamics had fully *discharged their respective* liabilities by paying the dividends which together with the tax credits, comprised "franked payments" of £3,615,513 and £177,808 respectively. Hawker Siddeley now appealed.

A "franked payment" was defined in *section 84(3) of the* Finance Act 1972. It consisted of a sum representing the actual payments made and another representing advance corporation tax (ACT) payable on that sum.

ACT was introduced by the 1972 Act. When a company declared a dividend, it paid the full amount to the shareholders without deduction; it thereupon became liable to pay to the Revenue an amount of ACT equal to the fraction of the dividend which would represent income tax at the basic rate of the *grossed up amount of* the dividend. The shareholder received from the company a certificate recording his entitlement to tax credit equal to the amount of ACT payable.

The aggregate of the dividend paid and the tax credit then *fell* to be included in the shareholder's income for tax purposes if he was an individual, or to be treated as "franked" investment income of the shareholder if it was a company.

Section 23 (5) (a) of the 1977 Act equated "dividend" with the franked payment, of which the dividend actually formed a part, for the purposes of that section and section 24. "Payment of dividend" in section 25 (1) (b) was used in its normal sense of referring to the actual payments made, and not in the extended sense of section 23 (5) (a). It followed that the obligation imposed by section 25 (1) (b) was an obligation to make a payment of a dividend in the normal sense.

Hawker Siddeley was entitled to be paid a dividend equal to "the maximum amounts permitted under section 24" and to receive the tax credit appropriate to the net payment. Once the "maximum amounts" had been duly ascertained, there was no justification for sub-dividing them into the two elements to which Mr Justice Dillon referred, namely, dividend and tax credit.

If the maximum amount permitted under section 24, properly *calculated*, was £3,615,513 or £177,808, Hawker Siddeley could claim cash dividends equal to such sums, in addition to the tax credit. The wording of section 25 (1) (b) permitted no other conclusion.

Grammatically, "maximum amounts permitted under section 24" fell to be read in the sense "maximum payments of dividend permitted under section 24."

The maximum payments of dividend under section 24 were to be found by following word for word the language of section 24 (1), which permitted "payments of dividend of amounts which when aggregated do not exceed . . . the certified net revenue of the company for the period of control."

For the final period of control, the certified net revenue was £3,615,513 in the case of Aviation, and £177,808 in the case of Dynamics. Those must be the amounts payable under section 25.

Aviation and Dynamics were obliged by virtue of section 25 to pay to Hawker Siddeley dividends of £3,615,513 and £177,808 respectively, together with the appropriate tax credits.

The appeal should be allowed.

Lord Justice Stephenson agreed.

LORD JUSTICE OLIVER, also agreeing, said that it was common ground that the references in section 25 to payments of dividend were references to payments of non-group cash dividend [ie a dividend in the normal sense paid by a company to its shareholders where there had been no election for tax group treatment].

Mr Park, for the defendants, suggested that one must compare like with like and look in section 24 for the maximum amount of non-group cash dividend which that section permitted.

The submission was difficult to accept. While it was true that if section 24 were applied to a franked payment it was possible to calculate the amount of the non-group cash dividend which would give rise to a franked payment of the maximum amount there permitted, there was no provision of section 24 which in terms prescribed or permitted a maximum amount of non-group cash dividend.

The section was dealing simply with the maximum payments of money which might be made out of the company's net revenue, and because it was a section which might fall to be applied to the funds of a company which was part of a group as well as to the funds of a company which was not, the definition had to be flexible enough to meet both situations.

All that section 24 did was to provide a formula for arriving at the figure which was to be the ceiling of payments of whatever was the relevant kind in the individual case.

When one spoke, therefore, of the maximum amounts permitted by section 24, one was speaking simply of the maximum amounts of money permitted by the section to be paid, whether by way of group dividend or of franked dividend.

Appeal allowed.

For the defendants: Andrew Park QC and Edwin Glasgow (Linklaters & Paines).

For Hawker Siddeley: D C Potter QC and Alan Sebestyen (Simmons & Simmons).

By Rachel Davies
Barrister

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd.	211.97			—
Managed Inv. Fd.	144.63	157.25		—
Property Fd	144.01	151.59		—
Fixed Interest Fd.	134.31	141.38		—
Cash Fd	129.93	136.77		—
Income Fd.	136.87	144.08		—
Extra Income Fd.	128.55	135.32		—
Worldwide Growth Fd.	175.31	184.54		—
Balanced Fd.	153.18	161.25		—
Smlr Co's & Recy. Fd	157.86	166.17		—
Int. Technology Fd	196.02	206.34		—
Nth. Amer. & Gen. Fd.	127.42	134.13		—
Energy Int. Fd.	83.24	87.63		—
Pacific Basin Fund	105.24	110.78		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Dec. 1	81.4			—
Retmt. Fed. Dec 6	197.3			—
Managed Pen Fund	159.6	168.0		—
Property Pen Fund	110.8	116.6		—
Index Lnkd Pen Fund	113.8	119.7		—
Managed	102.6	108.0	—	—
Property	98.8	104.0		—
Gilt and Fixed Interest	94.7	99.7	−0.4	—
Index-Linked	99.2	104.5	+0.3	—
Equity	102.6	108.1	+0.2	—
Cash	96.5	101.6	+0.3	—
Midland Bk. Unit Tst.	98.1	103.3	−0.2	—
Midland Bank Intnl.	110.7	116.6	—	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£30.17	—	−0.27	—
Property Units	£16.67	—	−0.02	—
Equity Bond/Exec	£19.90	21.06	−0.18	—
Prop. Bond/Exec	£21.80	23.07	−0.02	—
Bal. Bd./Exec/Unit	£20.91	22.13	−0.19	—
2nd Equity	156.0	165.1	−1.4	—
2nd High Inc.	108.2	114.5	−0.9	—
2nd Property	167.3	177.0	−0.1	—
2nd Managed	153.3	162.2	−1.4	—
2nd Deposit	137.4	145.4		—
2nd Gilt	132.2	139.9	−2.6	—
2nd. American	163.7	173.2	−1.5	—
2nd Intl. Money	130.4	138.0	−0.4	—
2nd Index	98.0	103.7		—
2nd Eq. Pens./Acc.	204.4	216.3	−2.2	—
2nd Hi Inc Pens/Acc.	109.8	116.2	−0.9	—

Guardian Royal Exchange
Royal Exchange, E C 3 01-283 7101

Guardian Assurance

Property Bonds	298.4	310.8		—

GRE Linked Assurance Limited

Managed Initial	167.9	176.7	−6.0	—
Do. Accum.	178.7	188.1	−10.9	—
Equity Initial	192.2	202.4	−24.9	—
Do. Accum.	204.6	215.4	−32.3	—
Fixed Int. Initial	170.1	179.1	−1.2	—
Do. Accum.	181.1	190.6	−5.7	—
International Initial	157.1	165.4	−12.1	—
Do. Accum.	167.2	176.0	+7.3	—
Property Initial	118.9	125.2	−0.7	—
Do. Accum.	126.5	133.2	−3.8	—
Deposit Initial	128.3	135.3	+10.1	—
Do. Accum.	134.8	144.0	+3.7	—

GRE Pensions Management Ltd.

Pens. Managed Initial	174.0	183.2	+6.3	—
Pens. Managed Acc.	189.5	199.5	+22.3	—
Pens. Equity Initial	215.8	227.2	+23.7	—
Pens. Equity Acc.	235.0	247.4	+40.8	—
Pens. Fxd. Int. Initial	170.8	179.8	+0.2	—
Pens. Fixed Int. Acc.	186.0	195.8	+4.7	—
Pens. Int'l Initial	168.4	177.3	+8.7	—
Pens. Int'l Acc.	183.9	193.1	+7.9	—
Pens. Prop. Initial	119.6	125.9	+0.7	—
Pens. Prop. Acc.	130.2	137.0	+3.8	—
Pens. Depos. Initial	119.0	125.0	−10.0	—
Pens. Depos. Acc.	129.6	136.4	−7.6	—

Hambro Life Assurance P.L.C.
7 Old Park Lane, London, W1Y 3LJ. 01-499 0033

Fixed Int. Dep.	176.5	185.8	+0.5	—
Equity	320.8	337.7	−2.3	—
Property	268.0	282.2	+0.2	—
Managed Cap.	205.2	216.0	−1.2	−1.2
Managed Acc.	298.5	314.3	−1.7	—
Overseas	220.8	232.5	−5.4	—
Gilt Edged	189.6	199.6	−2.4	—
American Acc.	188.6	198.6	+5.0	—
American Man.	104.7	110.3	+2.0	—
American Prop.	95.6	100.7	+0.1	—
American Eq.	188.6	198.6	+5.0	—
Pen. F.I. Dep. Cap.	193.0	201.3		—
Pen. F.I. Dep. Acc.	260.3	274.0		—
Pen. Prop. Cap.	327.7	345.0		—
Pen. Prop. Acc.	492.9	518.9		—
Pen. Man. Cap.	363.3			—
Pen. Man. Acc.	546.3			—

OFFSHORE AND OVERSEAS

Normandy Trust Managers Ltd.
29, Athol Street, Douglas, I o M 0624 21124

Normandy Metal Trust	£1.3517	1.4209		4.00
Normandy Com. Tst.	£1.4308	1.5061		4.00
Camb. Currency & Gilt	£1.0863	1.1435		6.00

Northgate Unit Tst. Mngrs. (Jersey)
3, London Wall Buildings, London, EC2M 5PU

Pacific Fd Dec 1	$9.46	10.10	−0.44	—

Pacific Basin Fund
10a, Boulevard Royal, Luxembourg.

NAV	$14.07	−0.09	—

Inv. Adv.: M. & G. Inv. Mngt. Ltd., London.

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741

Inter-Dollar Fund	$3.82	4.12		—
Far East Fund	$2.79	3.01		—
Intl. Currency Fund	$1.67	1.80		—
Dollar Fnd. Int. Fund	$3.19	3.44		—
Ster. Exempt Gilt Fd	£1.99	2.16		—

Providence Capital International Ltd.
PO Box 121, St Peter Port, Guernsey 0481 26726/9

UK Stockmarket	£1.195	1.285	−0.019	—
Intl. Stockmarket	$0.969	1.042	−0.067	—
World Technology	$0.942	1.013	−0.015	—
N. Am. Stockmarket	$1.056	1.136	−0.019	—
Far East	$0.766	0.824	−0.017	—
UK Fixed Interest	£1.101	1.164	−0.001	—
Intl. Fixed Int.	$1.032	1.109	−0.001	—
Intl. Currency	$0.965	1.037	−0.008	—
Intl. Money Market	$0.997	1.073	−0.002	—
UK Money Market	£0.984	1.058		—
Stlg. Mangd. Fd	£1.022	1.099	−0.013	—
Dollar Mangd. Fd.	$1.003	1.078	−0.016	—

Prices on Dec. 8. Next dealing Dec. 15.
Prices on Nov. 3. Next dealing Nov. 10.

Wardley Trust
Wardley Bond Trust $10.80
Wardley Japan Trust $18.27

Westavon Secs. (Guernsey)
PO Box 214, St Peter Port

Gilt & Option Fd	96.0

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Inv. Adv.: M. & G. Inv. Mngt.

Wren Commodity Management
10, St George's St., Douglas, IoM

Wren Com. Fund	31.5
Chinese Fund	57.6
Precious Metal Fund	129.8
Vanguard Cmdy. Fd.	40.6
Financial Futures Fd	127.0
Wren Intl. Fnd.*	$0.805

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible] ... same degree of regulation as listed securities.
†† Dealt in under Rule 163(3).
¶ Price at time of suspension.
§ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress.
♣ Not comparable.
♦ Same interim; reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
¶ No par value.
B.Fr. Belgian Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	45
Bertrams	17¼
Bog'wtr Est 50p	465
Craig & Rose £1	£12½
Finlay Pkg 5p	33
Graig Ship £1	£20
Higsons Brew	95xd
Holt (Jos) 25p	820
I.O.M. Stm £1	82
Pearce (C. H.)	111½
Peel Hldgs	157
Sindall (Wm.)	280

IRISH

Exch 15pc 1983	£100¼	-¼
Nat 9¾% 84/89	£41½	-1½
Fin 13% 97/02	£105½	-1¼
Alliance Gas	110	
Arnott	195	
Carroll (P.J.)	82	
Concrete Prods	60	
Heiton (Hldgs.)	20	
Ins. Corp Ireland	383	
Irish Ropes	27	
Jacob	49	
T.M.G.	4	
Unidare	44	

OPTIONS

3-month Call Rates

Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	15	I.C.I.	24	Vickers	12
BOC Grp	17	"Imps"	10	Woolworth Hlg	25
B.S.R.	6	I.C.L.	8		
Babcock	10	Ladbroke	16	**Property**	
Barclays Bank	35	Legal & Gen	28	Brit. Land	7½
Beecham	35	Lex Service	16	Cap Counties	12
Blue Circle	44	Lloyds Bank	35	Land Secs	26
Boots	22	"Lots"	4	MEPC	17
Bowaters	19	London Brick	11	Peachey	14
Brit Aerospace	20	Lucas Inds	32	Samuel Props	10
B.A.T.	30	"Mams"	12	Town & City	1
Brown (J.)	4	Marks & Spncr	16		
Burton Ord	24	Midland Bank	30	**Oils**	
Cadburys	11	N.E.I.	4	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	12
Debenhams	8½	P & O Dfd	19	Charterhall	5
Distillers	20	Plessey	30	KCA	0
Dunlop	5½	Racal Elect	45	Premier	9
Eagle Star	30	R.H.M.	6	Shell	35
F.N.F.C.	4	Rank Org. Ord	15	Tricentrol	22
Gen Accident	30	Reed Intnl	26	Ultramar	42
Gen Electric	24	Sears	9		
Glaxo	40	T.I.	11	**Mines**	
Grand Met	25	Tesco	0		
G.U.S. 'A'	30	Thorn EMI	38	Charter Cons.	20
Guardian	35	Tozer Kemsley	13	Cons. Gold	40
G.K.N.	15	Turner & Newall	4	Lonrho	8
Hawker Sidd	30	Unilever	65	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar maintains firmer trend

The dollar continued to improve in currency markets yesterday, helped by higher Euro-dollar rates and a rise in U.S. Federal fund rates. Euro-dollar rates usually show a firmer tendency towards the year end and together with other year end factors and receding hopes of an imminent discount rate cut, helped to underpin the dollar.

Sterling was weaker overall but finished above the day's lows to show a fairly respectable performance given the dollar's recent improvement.

DOLLAR — Trade weighted index (Bank of England) 121.4 against 117.0 six months ago. High interest rates and above target money supply had been keeping the dollar firm, but a change of emphasis towards fundamentals such as rising trade and budget deficits has pushed the dollar steadily weaker—The dollar rose to DM 2.4510 from DM 2.4325 against the D-mark and SwFr 2.0870 from SwFr 2.0650 in terms of the Swiss franc. It was also firmer against the Japanese yen, rising to Y245.25 from Y242.0 and FFr 6.9450 compared with FFr 6.8975.

STERLING — Trading range against the dollar in 1982 is 1.9265 to 1.5837. November average 1.6338. Trade weighted index 85.8 against 85.9 at noon, 85.8 in the morning and compared with 86.2 on Tuesday and 90.09 six months ago. Sterling remains weak against continental currencies and the yen on fears of a worsening balance of payments and lower world oil prices. Higher London interest rates and the general weakness of the dollar have pulled the pound up from near an all time low against the U.S. currency however — Sterling opened at $1.6125-1.6135 and traded between a low of $1.6055 and a high of $1.6205 before finishing at $1.6125-1.6135, a fall of 1.45c. It eased slightly against the D-mark to D M3.9550 from DM 3.96 and SwFr 3.57 from SwFr 3.3650. It was also down against the French franc at FFr 11.1950 from FFr 11.2250 but improved against the Japanese yen to Y395.75 from Y394.

D-MARK — Trading range against the dollar in 1982 is 2.5940 to 2.2410. November average 2.5536. Trade-weighted index 127.6 against 123.9 six months ago. The D-mark is strong, helped by an improving balance of payments position and confidence in the Government's economic policy. It has benefited recently from the weakness of the dollar and sterling. — The D-mark lost ground to the dollar at the Frankfurt fixing in fairly quiet trading. The Bundesbank did not intervene when the dollar rose to DM 2.4432 from DM 2.4351, after opening at DM 2.45. Sterling fell to DM 3.9880 from DM 3.9830 at the fixing, but the Swiss franc, Japanese yen, and Dutch guilder were firmer.

BELGIAN FRANC — Trading range against the dollar in 1982 is 50.21 to 38.12. November average 49.6282. Trade-weighted index 94.0 against 95.1 six months ago. The Belgian franc has fallen sharply against the stronger members of the EMS this year, including the Dutch guilder and D-mark, prompting the Government to introduce austerity measures to counter a weak economy and large budget deficit—The Belgian franc fell to its lower EMS intervention point of BFr 17.5285 against the Dutch guilder, where the Belgian National Bank probably intervened to support its currency. Fears of a growing conflict between the Flemish and French speaking halves of the country over the future of the troubled Cockerill steelworks was a factor behind the weakness of the currency.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.3683	+0.88	+1.40	±1.5301
Danish Krone ...	8.23400	8.13664	−1.18	−0.66	±1.6430
German D-Mark ...	2.33379	2.31361	−0.86	−0.34	±1.0888
French Franc ...	6.61387	6.55138	−0.94	−0.42	±1.3940
Dutch Guilder ...	2.57971	2.54474	−1.36	−0.84	±1.5004
Irish Punt ...	0.691011	0.693287	+0.33	+0.85	±1.6671
Italian Lira ...	1350.27	1335.47	−1.10	−1.16	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Dec. 9	£	$		£ Note Rates
Argentina Peso...	72,045-72,105	44,450-44,500	Austria...	27.76-28.00
Australia Dollar...	1.6740-1.6760	1.0386-1.0583	Belgium...	78.40-79.40
Brazil Cruzeiro...	589.02-590.62	639.36-241.05	Denmark...	15.85-15.98
Finland Markka...	8.6556-8.6666	3.3640-3.3660	France...	11.14-11.26
Greek Drachma...	115.135-116.595	71.15-71.45	Germany...	5.95½-3.97½
Hong Kong Dollar	10.316-10.329	6.55-6.54	Italy...	2260-2313
Iran Rial...	137.65*	84.15*	Japan...	394-399
Kuwait Dinar (KD)	0.4670-0.4680	0.2905-0.29065	Netherlands...	4.33-4.37
Luxembourg Fr...	77.53-77.63	48.04-48.06	Norway...	11.28-11.40
Malaysia Dollar...	3.8026-3.8156	2.3525-2.3655	Portugal...	165-176
New Zealand Dlr...	2.2230-2.2515	1.3825-1.3845	Spain...	187½-210½
Saudi Arab. Riyal	5.5410-5.5465	3.4325-3.4405	Sweden...	11.87-11.99
Singapore Dollar	3.4820-3.4920	2.1650-2.1660	Switzerland...	3.34-3.38
Sth. African Rand	1.7580-1.7590	1.0900-1.0903	United States...	1.60½-1.62½
U.A.E. Dirham...	5.9160-5.9220	3.6725-3.6735	Yugoslavia...	116-115

*Selling rates.

CURRENCY MOVEMENTS

Dec. 9	Bank of England Index	Morgan Guaranty Changes%
Sterling...	85.8	−35.7
U.S. dollar...	121.4	+11.7
Canadian dollar...	89.6	−18.6
Austrian schilling...	119.3	+29.4
Belgian franc...	94.0	−2.6
Danish kroner...	83.7	−10.5
Deutsche mark...	127.6	+33.5
Swiss franc...	147.7	+100.0
Guilder...	118.8	+27.1
French franc...	73.8	−19.7
Lira...	53.0	−58.9
Yen...	139.6	+33.6

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

Dec. 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling...	—	0.675453	0.585323
U.S. $...	9	1.09082	0.945297
Canadian $...	11.05	*	1.16965
Austria Sch...	4¾	18.7448	16.2591
Belgian F...	11½	52.3481	45.3695
Danish Kr...	10	9.38602	8.13664
D mark...	5	2.66567	2.31361
Guilder...	5	2.95084	2.54474
French F...	9½	7.54011	6.55138
Lira...	18	1589.55	1366.47
Yen...	5½	265.384	230.085
Norwgn. Kr...	9	7.66495	6.62464
Spanish Pta...	—	140.161	121.565
Swedish Kr...	10	8.05746	6.97251
Swiss Fr...	4½	2.28154	1.95404
Greek Dr'ch	20½	76.8948	67.1789

* C$/SDR rate for Dec 8: 1.35652.

THE POUND SPOT AND FORWARD

Dec 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.6055-1.6205	1.6125-1.6135	0.20-0.15c pm	1.30	0.42-0.37 pm	0.98
Canada	1.9970-2.0090	1.9990-2.0000	0.04-0.14c dis	−0.54	0.38-0.48dis	−0.86
Nethlnd.	4.34-4.37	4.34½-4.35½	2-1½c pm	4.83	3-4½ pm	4.37
Belgium	77.30-78.70	77.53-77.63	12-22c dis	−2.63	44-54 dis	−2.53
Denmark	13.89-13.97	13.91-13.93	6½-12½ore dis	−8.21	28-31½ dis	−8.58
Ireland	1.1853-1.1900	1.1875-1.1895	0.37-0.50p dis	−4.39	1.10-1.39dis	−4.09
W. Ger.	3.94½-3.98	3.95-3.96	1⅞-1⅜pf pm	4.93	4¾-2⅞ pm	4.17
Portugal	146.00-153.00	149.00-150.00	145-470c dis	−24.88	450-1460dis	−25.55
Spain	207.50-209.00	207.25-207.75	Not available	—	Not available	—
Italy	2,280-2,290	2,281-2,284	25-30 lire dis	−14.45	73-78 dis	−13.23
Norway	11.30-11.37	11.32-11.33	2½-3½ore dis	−2.91	8⅞-10 dis	−3.33
France	11.17-11.24	11.19-11.20	8-10c dis	−9.65	24-26 dis	−8.93
Sweden	11.89½-11.94	11.92-11.93	1½-2½ore dis	−1.95	7¼-8½ dis	−2.56
Japan	392-396¼	395¼-396¼	1.25-1.05y pm	3.49	3.60-3.40 pm	3.54
Austria	27.75-27.92	27.82-27.87	12¼-9¾gro pm	4.74	32¼-27½ pm	4.29
Switz.	3.34¼-3.38	3.36½-3.37½	2¼-1⅞c pm	7.57	6½-6¼ pm	6.97

Belgian rate is for convertible francs. Financial franc 79.15-79.25. Six-month forward dollar 0.43-0.38c pm, 12-month 0.23-0.18c pm.

THE DOLLAR SPOT AND FORWARD

Dec 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6055-1.6205	1.6125-1.6135	0.20-0.15c pm	1.30	0.42-0.37 pm	0.98
Ireland†	1.3575-1.3675	1.3575-1.3595	0.70-0.60c pm	5.72	1.75-1.60 pm	4.91
Canada	1.2370-1.2405	1.2375-1.2385	0.19-0.21c dis	−1.88	0.49-0.52dis	−1.63
Nethlnd.	2.6870-2.6960	2.6940-2.6960	0.79-0.71c pm	3.34	2.37-2.29 pm	3.46
Belgium	47.85-48.06	48.04-48.06	15-18½c dis	−3.93	47-45 dis	−3.88
Denmark	8.5900-8.6315	8.6240-8.6270	5.30-6.30ore dis	−8.08	14-16 dis	−6.74
W. Ger.	2.4395-2.4580	2.4505-2.4515	0.63-0.58pf pm	2.96	2.03-1.98 pm	5.27
Portugal	92.00-94.50	92.50-94.50	110-300c dis	−26.31	310-920dis	−26.37
Spain	128.50-128.90	128.70-128.85	125-325c dis	−21.00	260-525dis	−12.05
Italy	1,411-1,418	1,416-1,418	17-20 lire dis	−15.70	48-50 dis	−14.01
Norway	6.9920-7.0300	7.0250-7.0280	2.70-3.10ore dis	−4.96	9.10-8.50dis	−4.74
France	6.9100-6.9545	6.9425-6.9475	8.10-6.60c dis	−10.95	17-18 dis	−10.06
Sweden	7.3560-7.3905	7.3750-7.3790	1.90-2.10ore dis	−3.25	6.90-6.10dis	−5.25
Japan	242.60-245.60	245.20-245.30	0.44-0.36y pm	1.96	1.82-1.52pm	2.56
Austria	17.16-17.28	17.24½-17.25½	4.50-3.70gro pm	2.85	14½-12 pm	3.07
Switz.	2.0700-2.0905	2.0865-2.0875	1.07-1.01c pm	3.38	3.17-3.11 pm	6.02

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.05-49.15.

EXCHANGE CROSS RATES

Dec. 9	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.613	3.955	399.8	11.195	3.570	4.350	2283.	2.000	77.58
U.S. Dollar	0.620	1.	2.452	243.4	6.940	2.089	2.697	1415.	1.240	48.10
Deutschemark	0.253	0.408	1.	100.1	2.831	0.852	1.100	577.1	0.506	19.62
Japanese Yen 1,000	2.527	4.076	9.994	1000.	28.29	8.515	10.99	5768.	5.053	196.0
French Franc 10	0.893	1.441	2.383	353.3	10.	3.016	3.885	2039.	1.786	69.30
Swiss Franc	0.297	0.478	1.174	117.4	3.322	1.	1.291	677.5	0.595	23.02
Dutch Guilder	0.230	0.371	0.909	90.88	2.574	0.773	1.	524.7	0.460	17.83
Italian Lira 1,000	0.438	0.707	1.735	175.4	4.906	1.476	1.906	1000.	0.876	33.99
Canadian Dollar	0.500	0.807	1.978	197.8	5.599	1.686	2.176	1142.	1.	38.80
Belgian Franc 100	1.289	2.079	5.098	510.1	14.45	4.344	5.607	2949.	2.577	100.

FINANCIAL FUTURES

Volume disappoints

Volume was disappointing on the London International Financial Futures Exchange yesterday, particularly in the Eurodollar contract, which traded only 688 lots, compared with recent levels of about 1,500. The March Eurodollar opened 15 points down at 90.24 and was around 90.34 to 90.35 for most of the day, moving within a very narrow range, and closing at 90.34 after Chicago had opened in line with expectations.

The level of business in the short sterling deposit was again encouraging however, but some 500 lots lower than on Wednesday, when the market gained impetus from the volatility of London money market interest rates. As expected prices opened lower, at 90.01 for March, against 90.30 at the previous close.

This was near the day's low, and prices then traded up to a peak of 90.29, as the short end of the cash market showed an easier trend. Trading the spread between Eurodollars and the sterling interest rate was mentioned by traders, as some Liffe members took advantage of the relative cheapness of the sterling deposit contract, and although the March position finished 13 points down on the day this was 16 points above the opening level.

Gilt volume was rather higher, at 1,144, almost all for March delivery. Prices were marked down at the opening, but recovered some lost ground in reaction to a steadier cash market. The steady decline in the basis price in the last few days seems to be mainly a reflection of the increased cost of carry, following the rise in cash market interest rates.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.34	90.36	90.30	90.49
June	89.87	89.90	89.85	90.03
Sept	89.49	89.52	89.45	89.66
Dec	89.50	—	—	89.25
March	89.29	—	—	89.52

Volume 688 (1,350)
Previous day's open int. 1,778 (2,075)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	90.17	90.29	90.00	90.30
June	90.03	90.13	89.90	90.19
Sept	89.78	89.90	89.80	89.98

Volume 1,348 (1,745)
Previous day's open int. 2,067 (2,240)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	99-28	100-06	99-29	100-01
June	99-13	99-12	99-12	99-16

Volume 1,144 (838)
Previous day's open int. 1,324 (1,331)
Basis quote (clean cash price of 13¾% Treasury 1998 less equivalent price of near futures contract) 2-10 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.6100	1.6190	1.6085	1.6225
June	1.6115	1.6115	1.6115	1.6190

Volume 228 (358)
Previous day's open int. 480 (563)

DEUTSCHE MARKS DM125,000 $ per DM

	Close	High	Low	Prev
March	0.4113	0.4122	0.4105	0.4130
June	0.4153	0.4152	0.4153	0.4165

Volume 32 (43)
Previous day's open int. 831 (891)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4890	0.4900	0.4881	0.4930
June	0.4928	0.4958	0.4938	0.4988

Volume 12 (32)
Previous day's open int. 90 (66)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4132	0.4137	0.4098	0.4144
June	0.4160	0.4160	0.4160	0.4174

Volume 21 (22)
Previous day's open int. 67 (64)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	76-11	76-14	76-01	76-10
June	75-22	75-22	75-10	75-19
Sept	75-05	75-05	74-25	—
Dec	74-25	74-26	74-16	74-24
March	74-13	74-17	74-06	74-15
June	74-06	74-05	74-00	74-08
Sept	74-00	73-31	73-22	74-03
Dec	73-31	74-00	73-28	73-31
March	73-26	73-24	73-24	73-28
June	—	—	—	73-28
Sept	—	—	—	73-22

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	92.07	92.07	91.96	92.06
March	91.60	91.61	91.47	91.55
June	91.12	91.14	91.03	91.07
Sept	90.86	90.86	90.80	90.80
Dec	90.33	90.33	90.22	90.25
March	90.05	90.05	89.95	89.97
June	89.76	89.80	89.75	89.78

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.30	91.32	91.21	—
March	90.70	90.72	90.61	90.71
June	90.10	90.16	90.09	90.16
Sept	89.62	89.70	89.63	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.44	90.48	90.34	90.48
March	90.04	90.08	89.97	—
June	89.53	89.59	89.49	89.56
Sept	89.12	89.17	89.09	89.14

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Dec	1.6135	1.6180	1.6105	1.6080
March	1.6165	1.6175	1.6090	1.6035
June	1.6175	1.6170	1.6070	1.6025
Sept	1.6200	1.6200	1.6200	1.6035
Dec	1.6200	1.6200	1.6200	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-01	68-03	67-26	67-03
March	67-08	67-08	66-28	—
June	66-18	66-20	66-12	—
Sept	66-00	66-05	65-26	65-29
Dec	65-26	65-30	65-16	—
March	65-18	65-21	65-17	65-16
June	65-11	65-14	65-11	65-10
Sept	—	—	—	65-06
Dec	—	—	—	65-03
March	—	—	—	65-01
June	—	—	—	—
Sept	—	—	—	—

MONEY MARKETS

UK rates steadier after nervous start

UK clearing bank base lending rate 10-10¼ per cent (since November 29 and 30)

UK interest rates finished much the same as Tuesday's levels yesterday. Early morning trading saw rates edge nervously higher but unchanged Bank of England dealing rates served as a calming influence and rates eased back during the afternoon. In the interbank market overnight money opened at 10¾-10⅞ per cent and touched a high of 11¼ per cent before slipping away to 3 per cent.

The Bank forecast a shortage of around £300m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£230m and Exchequer transactions −£60m. The Bank gave assistance in the morning of £260m, comprising purchases of £193m of eligible bank bills in band 2 (15-33 days) at 10 per cent and £24m in band 3 (34-63 days) at 10-10⅛ per cent. In band 4 (64-91 days) it bought £15m of Treasury bills and £28m of local authority bills all at 10 per cent. The shortage was later revised to around £350m without taking into account the morning's operations and the authorities gave further assistance of £82m, making a grand total of £342m. The afternoon help comprised purchases of £82m of eligible bank bills in band 4 (64-84 days) at 10-10⅛ per cent.

In Paris the Bank of France left its money market intervention rate unchanged at 12¾ per cent when buying FFr 10bn of first category paper from the market. Yesterday's move means that total intervention this week alone comes to around FFr 28bn and reflects seasonal liquidity shortages. Elsewhere there was little importance attached to a ⅛ of a point rise in the call money rate to 12⅞ per cent, with the move described as a technical adjustment rather than any policy move.

Frankfurt call money was a little easier yesterday following action by the Bundesbank to make up to DM 2bn of extra liquidity available through one week currency swaps. This was reflected in a reduction in total borrowings through the special Lombard facility to DM 4.4bn from DM 6bn on Tuesday.

In Amsterdam the Dutch central bank announced an allocation of Fl 4.792bn for its special liquidity advance for 14 days from December 9 at a rate of 5.75 per cent.

LONDON MONEY RATES

Dec. 9 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight...	—	3-11¼	—	—	—	10¼-10⅜	9½-10	—	—	—
2 days notice...	—	—	10¼-10½	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 days notice...	—	10⅛-11⅛	10⅜-10½	—	—	—	10	—	—	—
One month...	10⅞-10¾	10¾-11	11	11⅛-11	10¾	11	10	10¼-10⅛	10⅛	11
Two months...	10⅞-10¾	10¾-11	10¾	11¼-10⅞	10¾	11	10	10¼-10⅛	10¼	11
Three months...	10¾-10⅝	10¾-11	10⅝	11⅛-10¾	10¾	11	10	10¼-10⅛	10¼-10⅛	10⅞
Six months...	10⅝-10⅜	10½-10¾	10⅝	10⅛-10¾	10⅝	11	—	—	10-10⅛	10⅝
Nine months...	10⅝-10⅜	10½-10¾	—	10⅞-10⅛	10⅝	—	—	—	—	—
One year...	10⅝-10⅜	10½-10¾	10¼	10⅞-10⅛	10⅝	—	—	—	—	—
Two years...	—	—	10⅝	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period November 3 to December 7 1982 (inclusive): 9.610 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10¾ per cent; four years 10⅞ per cent; five years 11 per cent. ♦Bank bill rates in table are buying rates for prime papers. Buying rate for four-months bank bills 10³⁄₁₆-10⅛ per cent; four months trade bills 10¹⁵⁄₁₆ per cent.

Approximate selling rate for one month Treasury bills 10 per cent; two months 10 per cent and three months 10 per cent. Approximate selling rate for one month bank bills 10⅛ per cent; two months 10⅛ per cent and three months 10³⁄₁₆-10⅛ per cent; one month trade bills 10⅞ per cent; two months 10¾ per cent and three months 10¹¹⁄₁₆ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10 per cent from December 1 1982. London and Scottish Clearing Bank Rates for lending 10-10¼ per cent. London Clearing Deposit Rates for sums at seven days' notice 6¾-7 per cent.

Treasury Bills: Average tender rates of discount 9.6493 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 10¼ per cent; one-three-months 10½ per cent; three-12-months 10½ per cent. Under £100,000 10 per cent from December 9. Deposits held under Series 3-5 10½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Dec. 9	Short term	7 days notice	Month	Three Months	Six months	One Year
Sterling...	10⅝-10⅞	10⅝-10⅞	10¾-10⅞	10⅞-10⅞	10½-10⅝	10⅞-10⅝
U.S. Dollar...	8⅞-9⅛	8⅞-9⅛	9⅛-9⅜	9⅛-8⅞	9⅜-8⅝	10-10¼
Can. Dollar...	9½-10½	11-12	10⅞-11⅛	11⅞-11⅞	10⅞-11⅛	10⅝-11⅛
D. Guilder...	5⅞-5⅞	5¾-3⅞	5⅞-6	5⅞-6⅛	5⅞-6¼	6¼-6⅜
S. Franc...	1-1½	1-1⅛	3½-3⅝	5⅞-6⅞	3¾-3⅞	6⅞-4
Deutschm'rk	5⅝-5¾	5⅝-5¾	6¼-6⅜	6¼-6⅜	6⅞-6⅞	6⅜-6½
Fr'nch Franc	14-16	17-18	19-19¾	18¼-20	19½-20¼	19¼-20
Italian Lira...	17⅛-20½	22¼-23	23½-25½	23¼-24¼	22⅛-23½	21⅞-22¾
Belg. Franc...						
Conv...	11⅛-12½	12½-15½	12¾-13½	12¾-13½	12¾-13½	12¼-13
Fin...	11¾-12	11⅞-12⅛	12-12¼	12-12½	12⅛-12⅜	12¼-12⅛
Yen...	7½-7¾	7½-7⅝	7¾-7½	7-7⅛	6⅞-7	6⅞-7
D. Krone...	17¼-17½	18-18½	18⅞-19⅜	19¼-19⅝	18⅞-18⅝	17¾-19¼
Asia $ (Sing.)	8¾-8⅞	8⅞-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅞-10⅛

FT LONDON INTERBANK FIXING

(11.00 a.m. DECEMBER 9)

3 months U.S. dollars		6 months U.S. dollars	
bid 9 7/16	offer 9 9/16	bid 9 11/16	offer 9 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11½
Fed funds (lunch-time)	8¾-9
Treasury bills (13-week)	7.87
Treasury bills (26-week)	8.35

GERMANY

Lombard	6.0
Overnight rate	6.05
One month	6.375
Three months	6.475
Six months	6.475

FRANCE

Intervention rate	12.75
Overnight rate	12.9375
One month	12.9125
Three months	12.6875
Six months	12.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.03125
Bill discount (3-month)	7.15625

SWITZERLAND

Discount rate	4½
Overnight rate	⅞-1½
One month	2½-3⅞
Three months	2½-3¾

NETHERLANDS

Discount rate	5
Overnight rate	5½-5¾
One month	5¾-6
Three months	6¼-6⅜
Six months	6⅜-6⅝

$ CERTIFICATES OF DEPOSIT

One month	8.80-8.90
Three months	8.95-9.05
Six months	9.25-9.35
One year	9.65-9.75

LONG TERM EURO $

Two years	11⅛-11⅜
Three years	11½-11⅞
Four years	11⅞-12⅛
Five years	12⅛-12⅜

SDR LINKED DEPOSITS

One month	9⅞-9¹¹⁄₁₆
Three months	9½-9⅞
Six months	9¹⁵⁄₁₆-10⅛
One year	9¹⁵⁄₁₆-10⅛

ECU LINKED DEPOSITS

One month	11⅞-11¹³⁄₁₆
Three months	11⅞-11¹³⁄₁₆
Six months	11⅞-11¹³⁄₁₆
One year	11½-11¾

هذا من الأصل